

AGENDA



Date: November 7, 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, November 13, 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. MOMENT OF SILENCE

B. APPROVAL OF MINUTES

Regular meeting of October 9, 2025

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. 2024 Financial Audit

- 2. 2024 Annual Comprehensive Financial Report**
- 3. Report on Audit Committee Meeting**
- 4. Second Reading and Discussion of the 2026 Budget**
- 5. Report on Professional Service Committee Meeting**
- 6. Executive Director Approved Pension Ministerial Actions**
- 7. City Contribution Update**
- 8. Board Approval of Trustee Education and Travel**
- 9. Board Members' Reports on Meetings, Seminars and/or Conferences Attended**
- 10. Portfolio Update**
- 11. Report on Investment Advisory Committee Meeting**
- 12. Possible New Private Credit Commitments**
- 13. Required Training Manual Delivery & Ethics Policy Certification**

- 14. 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 DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

- a. DPFP v. City of Dallas**
- b. Dallas Police Retired Officers Association v. DPFP**

D. BRIEFING ITEMS

- 1. Public Comment**
- 2. Executive Director's Report**
 - a. Associations' newsletters**
 - [NCPERS Monitor \(November 2025\)](#)
 - [NCPERS PERSist \(Fall 2025\)](#)
 - 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.



MOMENT OF SILENCE

In memory of our Members and Pensioners who recently passed away

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
Everett N. Coker	Retired	Fire	Sep. 06, 2025
David P. Roberts	Retired	Police	Sep. 25, 2025
Larry A. Brock	Retired	Fire	Oct. 05, 2025
Stephen R. Patrick	Retired	Fire	Oct. 19, 2025
Joseph E. Spradlin, Jr	Retired	Police	Oct. 22, 2025
Gerald R. Robinson	Retired	Police	Oct. 25, 2025
Gene O. Yee, Jr.	Retired	Police	Oct. 26, 2025
Kerry D. Johnson	Retired	Police	Oct. 27, 2025
Carroll O. Prewitt, Jr.	Retired	Police	Oct. 31, 2025
Ronnie J. Vineyard	Retired	Police	Oct. 31, 2025

Regular Board Meeting –Thursday, November 13, 2025

**Dallas Police and Fire Pension System
Thursday, October 9, 2025
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

Regular meeting, Michael Taglienti, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:34 a.m. Michael Taglienti, Tom Tull, Matthew Shomer, Joe Colonna, Anthony Scavuzzo, David Kelly, Tina Hernandez Patterson, Scott Letier, Yvette Duenas, Robert Walters

Absent Steve Idoux

Staff

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

Others

Ben Mesches, Jeff Patterson, Rick Salinas, Kurtis Allen, James Morin, Suzanne Zieman, Chad Anderson

Phone Chuck Campbell, Aaron Lally, Ken Shoji

* * * * *

The Regular meeting was called to order at 8:32 a.m.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers Jerry W. James, Tommie D. Elliott, Wade C. Small, Melvin P. Southall, Stephen J. Spradling, and retired firefighters John R. Garcia and Edward (E.D.) Strickland.

No motion was made.

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**Regular Board Meeting
Thursday, October 9, 2025**

B. APPROVAL OF MINUTES

1. Required Public meeting of September 11, 2025
2. Regular meeting of September 11, 2025

After discussion, Mr. Shomer made a motion to approve the minutes of the Required Public and Regular meetings of September 11, 2025. Mr. Letier seconded the motion, which was unanimously approved by the Board.

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Elect Deputy Vice Chair

The Board discussed electing a Trustee to serve in the open position of Deputy Vice Chairman.

After discussion, Mr. Walters made a motion to elect Tina Hernandez Patterson to serve as Deputy Vice Chair. Mr. Tull seconded the motion, which was unanimously approved by the Board.

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2. Financial Audit Status

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

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3. Initial Reading and discussion of the 2026 Budget

The Chief Financial Officer presented the initial reading of the 2026 budget, prepared in total for both the Combined Pension Plan and the Supplemental Plan.

After discussion, Mr. Tull made a motion to direct staff to revise the proposed budget based on the direction of the Board raising the Texas Municipal Retirement System (TMRS) employee contributions to 8% and bring the revised proposed budget to the Board at the November 2025 Board meeting for consideration for adoption and to authorize forwarding the 2026 proposed budget to the City of Dallas for comment and the posting of the proposed budget to www.dpfp.org for member review prior to the November meeting. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, October 9, 2025**

4. Possible 2025 Budget Amendment

Staff discussed with the Board the proposed budget amendment to replace the existing building HVAC systems and the Board requested that additional analysis be provided at a future meeting.

No motion was made.

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5. Pension Administration Software

Staff discussed the steps taken and the information learned to date related to the Pension Administration Software project and the Board requested further evaluation be conducted.

No motion was made.

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6. Executive Director Approved Pension Ministerial Actions

The Executive Director reported on the October pension ministerial actions.

No motion was made.

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7. 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.

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8. Board Approval of Trustee Education and Travel

The Board and staff discussed future Trustee education.

After discussion, Mr. Tull made a motion to approve Mr. Taglienti's request to attend NCPERS Financial, Actuarial, Legislative & Legal (FALL) Conference. Ms. Duenas seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, October 9, 2025**

9. Portfolio Update

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

No motion was made.

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10. 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 DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.

- a. DPFP v. City of Dallas
- b. Dallas Police Retired Officers Association v. DPFP

The Board went into closed executive session – Legal at 9:58 a.m.

The meeting reopened at 11:35 a.m.

The Board and staff discussed legal issues.

After discussion, Mr. Kelly made a motion to authorize staff to pause accrual and payment of a cost of living adjustment as required by the Board's rule adopted on August 8, 2024 until such time as the full Board is present to consider whether the adjustment should be paused until the litigation with the City of Dallas is resolved and the Board has determined there is adequate assured funding to pay for future cost of living adjustments and, if the Board so determines, accrual and payment of any past cost of living adjustments which were paused by this motion. Mr. Walters seconded the motion which failed by the following vote:

For: Mr. Tull, Mr. Colonna, Mr. Kelly, Mr. Letier, Mr. Walters

Opposed: Mr. Taglienti, Mr. Shomer, Mr. Scavuzzo, Ms. Hernandez Patterson, Ms. Duenas

After discussion, Mr. Walters made a motion to authorize staff to pause accrual and payment of a cost of living adjustment as required by the Board's rule adopted on August 8, 2024 until such time as the litigation with the City of Dallas is resolved and the Board has determined there is adequate assured funding to pay for future cost of living adjustments and, if the Board so determines, accrual and payment of any past cost of living adjustments which were paused by this motion. The motion failed for lack of a second.

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**Regular Board Meeting
Thursday, October 9, 2025**

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.

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2. Executive Director's Report

- a. Associations' newsletters
 - NCPERS Monitor (October 2025)
- b. Open Records
- c. Actuarial Services RFP

The Executive Director's report was presented.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Shomer and a second by Mr. Tull, the meeting was adjourned at 11:38 a.m.

Michael Taglienti,
Chairman

ATTEST:

Kelly Gottschalk,
Secretary

**Regular Board Meeting
Thursday, October 9, 2025**

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DISCUSSION SHEET

ITEM #C1

Topic: 2024 Financial Audit

Attendees: Karolyn Ladas, BDO, Assurance Principal
Matt Liu, BDO, Audit Senior Manager

Discussion: Representatives from BDO, DPFP's independent audit firm, will be present to discuss the results of their audit for the year ended December 31, 2024.

Staff

Recommendation: Approve issuance of the 2024 audit report.

Regular Board Meeting – Thursday, November 13, 2025



REPORT TO THOSE CHARGED WITH GOVERNANCE

DALLAS POLICE & FIRE PENSION SYSTEM

2024 AUDIT RESULTS

NOVEMBER 13, 2025

IBDO

Welcome

November 13, 2025

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

We look forward to discussing with you the current year audit results for Dallas Police & Fire Pension System. On April 10, 2025 we presented an overview of our plan for the audit of the financial statements of Dallas Police & Fire Pension System (the System) as of and for the year ended December 31, 2024.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the System's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the System is responsible.

We are pleased to be of service to the System and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,
/s/ BDO, USA, P.C.

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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

Results of Our Audit

- Overview and Status - We have substantially completed our audit of the financial statements, including procedures applied to the supplemental schedule, of Dallas Police and Fire Pension System (the System) as of and for the year ended December 31, 2024.
- Quality of the System's Financial Reporting
- Significant Risk Overview & Discussion
- Corrected and Uncorrected Misstatements
- Internal Control Over Financial Reporting

Required Communications

Open Discussion and Questions

Year End Inquiries of Those Charged With Governance (see page 23).



Audit Results



Overview & Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended December 31, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Plan communications.
- ▶ We expect to issue an unmodified opinion on the financial statements.
- ▶ We expect to issue our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- ▶ Our responsibility for other information in documents containing the System's audited financial statements (e.g., the annual comprehensive financial report) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we will read the information included by the System and consider whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.



Quality of the System's Financial Reporting

A discussion was held regarding the quality of the System's financial reporting, which included the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our assessment of critical accounting estimates, accounting policies and practices
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments



Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows. Our audit procedures for these risks are detailed starting on page 14.

Financial Reporting and Management Override
(accuracy, completeness, presentation)

Actuarial Valuation (valuation, presentation)

Alternative Investment (valuation)

Corrected and Uncorrected Misstatements

CORRECTED AND UNCORRECTED MISSTATEMENTS

- ▶ There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.
- ▶ There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

Internal Control Over Financial Reporting



Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the System's internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Detail of Significant Risks & Additional Audit Considerations



Financial Reporting and Management Override

SUMMARY OF AREA OF SIGNIFICANT RISK

- ▶ System management controls in place are not designed and operated in a manner to maintain compliance with applicable rules and regulations and provisions of the Plan Document and Amendments.
- ▶ The System does not have sufficient controls to monitor the activities of the outside service providers.
- ▶ 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.
- ▶ Entity level controls are not designed sufficiently to identify instances where management, due to the presence of fraud risk factors, may override the established controls and procedures to materially misstate the financial statements.

SUMMARY OF AUDIT PROCEDURES

To address this significant risk, we performed the following procedures:

- ▶ Reviewed internal controls in place over financial reporting, distributions, payroll data, investments, system expenses, and system obligations.
- ▶ Obtained and reviewed the Service Organization Controls reports for JPMorgan, the System's Custodian, and STP Investment Services, LLP, the system's investment accounting service provider.
- ▶ Performed interviews with a sample of members of Management, and other individuals and considered responses received in determining necessary audit procedures.
- ▶ The nature, timing and extent of our procedures across areas of the audit were also varied, mainly by auditing items that would be considered below our normal vouching scope.
- ▶ Performed detailed journal entry testing to review for any potential unusual or fraudulent transactions or instances of management override.

Changed since Planning Communication?	[]
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Specialized Skill or Knowledge Involved	[]
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Misstatement Identified	[]
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Actuarial Valuation

SUMMARY OF AREA OF SIGNIFICANT RISK

- ▶ Management lacks significant judgement and expertise that is required in developing assumptions and performing evaluations.
- ▶ Actuarial valuation data is inaccurate or inconsistent.
- ▶ The effects of amendments, terminations, curtailments and other System events have not been reflected in the calculation.
- ▶ The actuarial calculation does not appropriately apply current standards.
- ▶ Actuarial provisions and assumptions are outside reasonable parameters.
- ▶ Disclosures over actuarial assumptions and funding issues are omitted or inaccurate.

SUMMARY OF AUDIT PROCEDURES

To address this significant risk, we performed the following procedures:

- ▶ Obtained actuarial reports and related requested data directly from the actuary.
- ▶ Ensured the census information provided was complete, accurate, and as of benefit information date.
- ▶ Tested census information in correlation with eligibility testing.
- ▶ Considered cash flow projections and determination of GASB 67 discount rates.
- ▶ Reviewed the actuarial valuation reports and utilized BDO's Actuarial Managing Director to perform an independent review of the reports and assumptions used. Primary areas of focus included demographic assumptions (mortality, termination prior to retirement, retirement and DROP participation eligibility which affect DROP utilization and retirement rates, disability) and economic assumptions (discount rate, inflation rate, investment rate of return, salary scale, administrative expenses, interest on DROP accounts) as well as the actuarial methods used (asset smoothing, actuarial cost method, amortization of unfunded actuarial accrued liability).
- ▶ Reviewed actuarial disclosures for completeness and accuracy during the review of the financial statements.

Changed since Planning Communication?	[]
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Specialized Skill or Knowledge Involved	[✓]
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Misstatement Identified	[]
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Alternative Investments

SUMMARY OF AREA OF SIGNIFICANT RISK

- ▶ Investments are improperly valued or classified in conformity with accounting principles generally accepted in the U.S.
- ▶ Investment transactions are not recorded in conformity with accounting principles generally accepted in the U.S.
- ▶ Management bias over the valuation of investments.

SUMMARY OF AUDIT PROCEDURES

To address this significant risk, we performed the following procedures:

- ▶ Obtained confirmations from investment managers and reviewed audited financial statements for investments selected. Reviewed confirmations for unusual items and misclassifications. Additionally, performed recalculations based on the unit values in the audited financials.
- ▶ Reviewed all complex investment valuation techniques and utilized BDO Valuation experts where necessary.
- ▶ Reviewed Management's valuation memos in obtaining an understanding of the supporting process for establishing fair value.
- ▶ Reconciled unit information recorded by the System to JPMorgan and to the fund's financial statements.
- ▶ Selected a sample of transactions for investment transaction testing and agreed the purchase/sales price to approved pricing sources.
- ▶ Reviewed Management's fair value considerations and fair value hierarchy by investment in correlation with GASB No. 72.

Changed since Planning Communication?	[]
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Specialized Skill or Knowledge Involved	[✓]
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Misstatement Identified	[]
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Detail of Significant Accounting Practices, Policies, Estimates and Disclosures



Significant Accounting Practices (including Policies, Estimates and Disclosures)

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND DISCLOSURES

The following summarizes the more significant required communications related to our audit concerning the System's accounting practices, policies, and estimates:

The System's significant accounting practices and policies are those included in the notes to the financial statements. These accounting practices and policies are appropriate, comply with the applicable financial reporting framework and industry practice, were consistently applied, and are adequately described within the notes to the financial statements.

- ▶ There were no changes in significant accounting policies and practices during 2024.

Critical accounting estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The System's critical accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in the notes to the financial statements.

Critical Accounting Estimates

Valuation of the co-mingled investments (pooled, alternative, fixed income, & equity, but specifically those which are not publicly traded) and related net appreciation/depreciation and underlying disclosures.

Total and net pension liability and related disclosures and underlying assumptions (i.e. expected rate of return, inflation rates, and retirement rates)

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the critical accounting estimates in 2024.

Additional Required Communications



Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the System:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Plan communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the System's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Alternative accounting treatment	No alternative accounting treatments permissible under the applicable financial reporting framework for policies and practices related to material items were identified and discussed with management.
Significant unusual transactions	During the year ended December 31,2024, we were not aware of any significant unusual transactions.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the System's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

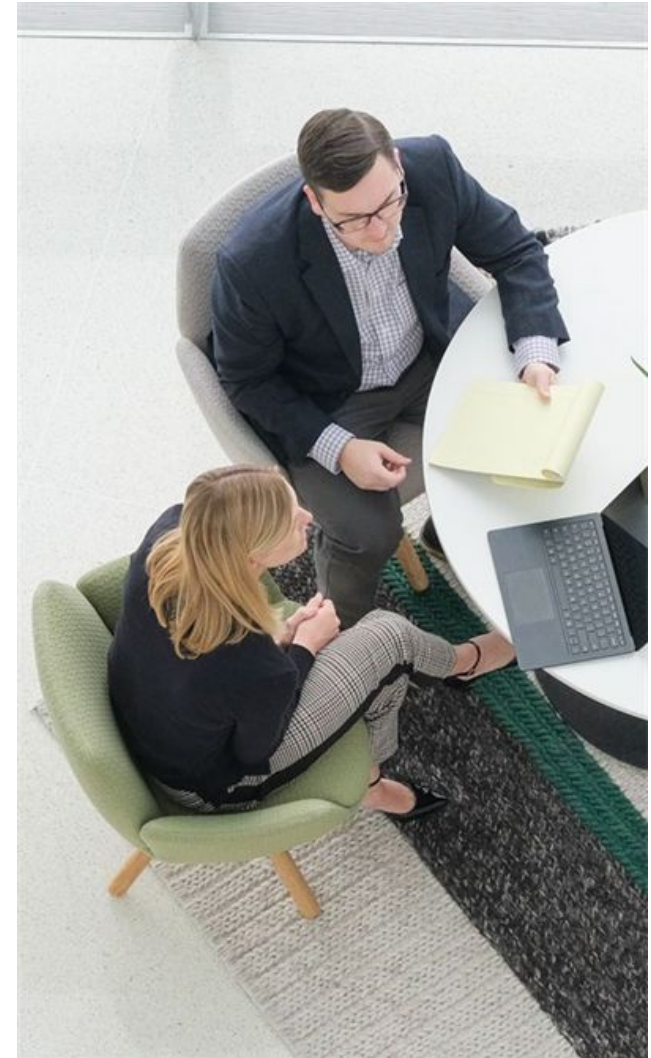
Other Required Communications (cont.)

Following is a summary of other required items, along with specific discussion points as they pertain to the System:

Requirement	Discussion Point
Other matters significant to the oversight of the System's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the System's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter that will be provided upon receipt.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the System's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

Independence

Our engagement letter to you dated February 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.



Year-end Inquiries of Those Charged with Governance



Obtaining Information from Those Charged with Governance

As we complete our audit procedures, we perform final inquiries related to fraud and other matters to help inform any changes to 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 since we last performed similar inquiries, 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 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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Dallas Police and Fire Pension System

(An Independently Governed Blended Component Unit of the City of Dallas, Texas)

Combining Financial Statements, Required Supplementary Information and Supplementary Schedule

December 31, 2024 and 2023

(With Independent Auditor's Reports Thereon)

DRAFT

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Independent Auditor's Reports



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To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

Opinion

We have audited the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, as of and for the years ended December 31, 2024 and 2023, and the related notes to the combining financial statements, which collectively comprise the DPFP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2024 and 2023, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DPFP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPFP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise DPFP's basic financial statements. The accompanying supplementary schedule of Administrative, Investment and Professional Services Expenses for the year ended December 31, 2024 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of DPFP management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of Administrative, Investment and Professional Services Expenses for the year ended December 31, 2024 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2025 on our consideration of DPFP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control over financial reporting and compliance.

Dallas, Texas
_____, 2025



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, which comprise the combining statement of fiduciary net position as of December 31, 2024, and the related combining statement of changes in fiduciary net position for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated _____, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of DPFP's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dallas Police and Fire Pension System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
_____, 2025

Management's Discussion and Analysis

(Unaudited)

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2024 and 2023. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position (Assets - Liabilities = Net Position) represents the value of the assets held in trust for pension benefits, net of liabilities owed as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year (Additions - Deductions = Net Change in Net Position). If the change in net position increased, additions were more than deductions. If the change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2024	2023	2022
Assets			
Investments, at fair value	\$ 1,939,829	\$ 1,875,833	\$ 1,730,354
Receivables	17,807	15,349	11,951
Cash and cash equivalents	72,317	62,346	75,286
Prepaid expenses	602	561	403
Capital assets, net	11,480	11,456	11,606
Total assets	2,042,035	1,965,545	1,829,600
Liabilities			
Securities purchased	116	4,476	1,139
Accounts payable and accrued liabilities	5,203	4,307	5,253
Total liabilities	5,319	8,783	6,392
Deferred Inflow of Resources	2,439	2,138	-
Net position restricted for pension benefits	\$ 2,034,277	\$ 1,954,624	\$ 1,823,208

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2024 was 8.30% compared to a rate of return of 10.15% for 2023 and -2.77% for 2022. Meketa Investment Group, Inc., DPFP's general investment consultant at December 31, 2024, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private equity, private debt, and real assets investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

The Plans' net position increased by \$80 million in 2024 and by \$131 million in 2023. While benefit payments continue to exceed contribution payments, the shortfall was offset by investment gains.

The increase in receivables in 2024 is primarily the result of the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions, and the implementation of another lease covered under GASB 87, *Leases*, which requires the recognition of a lease receivable and deferred inflow of resources. See Note 11 for additional information on leases.

The cash balance increased in 2024 due to the timing of rebalancing transactions, distributions, and were partially offset by benefits payments exceeding contributions during the year.

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2024	2023	2022
Additions			
Contributions			
City	\$ 192,890	\$ 175,626	\$ 172,719
Members	68,215	62,789	59,962
Total contributions	261,105	238,415	232,681
Net income(loss) from investing activities	175,759	197,575	(245,390)
Other income	517	47,748	2,318
Total additions	437,381	483,738	(10,391)
Deductions			
Benefits paid to members	344,975	340,976	332,031
Refunds to members	5,260	5,310	4,450
Professional and administrative expenses	7,493	6,036	6,421
Total deductions	357,728	352,322	342,902
Net increase (decrease) in net position	79,653	131,416	(353,293)
Net position restricted for pension benefits			
Beginning of period	1,954,624	1,823,208	2,176,501
End of period	\$ 2,034,277	\$ 1,954,624	\$ 1,823,208

City contributions to the Plans increased by \$17.3 million or 9.8% in 2024 and increased by \$2.9 million or 1.7% in 2023 due to increased salaries, the number of employees and changes in the funding methodology. See Funding Overview in the MD&A and Note 1 for additional information on the changes in the funding methodology.

The 2024 City Contribution rates for the Combined Pension Plan were 34.5% of Computation pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$11.5 million through September 30, 2024. Beginning October 1, 2024 through September 30, 2025, the end of the City's fiscal year, the City paid contributions of 6.78% of Computation pay, plus a fixed dollar payment of \$168.7 million prorated by pay period. From October 1, 2024 to December 31, 2024, the City paid contributions of \$48.8 million. Computation Pay is defined as base pay, education incentive pay and longevity pay. The 34.5% of Computation Pay exceeded the floor for all pay periods through September 30, 2024.

Prior to October 1, 2024, the City contribution rates for the Combined Pension Plan were established by Vernon's Revised Civil Statutes, Section 4.02 of Article 6243a-1. Beginning October 1, 2024, the funding policy changed and is the subject of ongoing litigation. See Note 1 for additional information on City contribution rates.

The 2023 City Contribution rates for the Combined Pension Plan were statutorily defined. City contributions for the Combined Pension Plan were 34.5% of Computation Pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$13 million in 2023. The 34.5% of Computation Pay was greater than the floor for all pay periods in 2023.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. City contributions to the Supplemental Plan in 2024 increased by \$591 thousand over 2023 contributions.

The 2024 and 2023 Contribution rates for members were statutorily defined for the Plans. Contributions for all active members (including members in DROP) were 13.5% of Computation Pay.

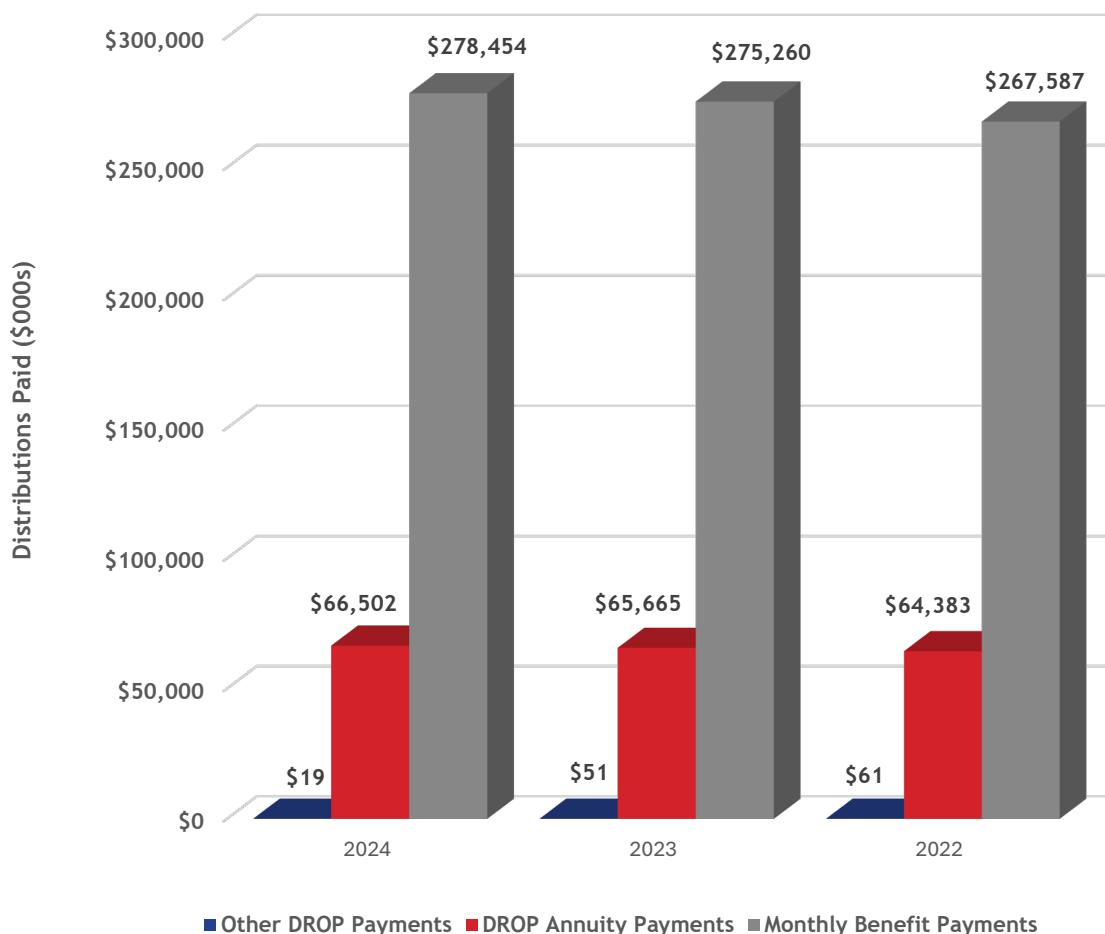
Member contributions for the Plans increased by \$5.4 million or 8.6% in 2024 and by \$2.8 million or 4.7% in 2023 due to increased salaries and the number of employees.

Other income decreased by \$47.2 million in 2024 because in 2023 the System reached an agreement with a prior vendor and received a financial settlement.

Net investment income/(loss) is presented net of investment expenses and is comprised of interest, dividend income, gains/(losses) from the sale of investments and net unrealized appreciation (depreciation) in the fair value of investments. Net investment gain in 2024 and 2023 was driven primarily by the increase in the public markets.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Statutes. The chart on the next page compares the components of distributions paid to members for the years ended December 31, 2024, 2023, and 2022.

Distributions Paid to Members Twelve Months Ended December 31



Total benefits paid in 2024 increased \$4 million or 1.2% over 2023. Monthly benefit payments increased \$3.2 million or 1.2% due to additional retirees and beneficiaries receiving monthly benefits in 2024. Distributions from DROP balances in 2024 totaled \$66.5 million, paid as DROP annuity payments, up \$837 thousand from 2023. See Note 6 for additional information on DROP.

Refund expense decreased \$50 thousand in 2024 and increased \$860 thousand in 2023.

The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$1.5 million in 2024. Increases in actuarial expenses, non-investment legal expenses and salaries and benefits were partially offset by decreases in risk insurance expense and legislative consultants. The cost of administering the Plans, including administrative costs and professional fees, decreased approximately \$385 thousand in 2023. Decreases in non-investment legal expenses and risk insurance along with an increase in legal reimbursements received were partially offset by increases in actuarial services, information technology expenses and salaries and benefits.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. City and member contributions and member benefits and refunds paid are specific to either the Combined Pension Plan or the Supplemental Plan and are charged directly as a reduction of such plan's net position.

Funding Overview

DPFP's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The January 1, 2025 actuarial valuation reported a funded ratio of 32.2%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability (UAAL) of \$4.0 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The January 1, 2024 actuarial valuation reported a funded ratio of 32%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability of \$3.9 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The January 1, 2023 revised funded ratio was 34.4%, compared to 39.1% before restatement, based on the actuarial value of assets. The revised Unfunded Actuarial Accrued Liability was \$3.4 billion, compared to \$3.2 billion before restatement, and the expected fully funded date remained unchanged at 2105 for the Combined Pension Plan. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

HB 3158 was passed by the legislature and signed by the Governor on May 31, 2017. This legislation significantly amended Article 6243a-1 of the Texas Statutes. Included in HB 3158 was Section 2.025 that required during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) to perform an analysis that included the independent actuary's 1) conclusion regarding whether the pension system meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or city contribution rates.

Additionally, Section 2.025 of the Statute required the Board to adopt a plan, by rule, (2.025 Plan) in 2024 to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. The funding policy for City contributions changed as a result of the required review process and plan adoption.

For the Combined Pension Plan, the 2.025 Plan set the funding policy used to calculate the Actuarially Determined Contribution (ADC) based on a closed amortization period of 30 years, established as of January 1, 2023. For valuation dates from January 1, 2024 through January 1, 2033, changes in the UAAL will be amortized over the remaining period of the 2023 bases. For valuation dates beginning January 1, 2033, changes in the UAAL will be amortized over 20-year periods. As of January 1, 2025, there are 28 years remaining on this schedule. The current funding method is intended to result in predictable contributions that eliminate the UAAL within 28 years, thereby providing benefit security to plan participants while balancing the needs of current and future contributors to the plan.

The 2.025 Plan requires the City to pay contributions based on an Actuarially Determined Contribution. Beginning with the January 1, 2024 valuation, the ADC is reported based on the City's fiscal year for contributions beginning the year after the valuation date. As of January 1, 2024, for the Combined Pension Plan, the ADC was \$262 million or 53.5% of Computation Pay and will be payable beginning October 1, 2025. As of January 1, 2025, for the Combined Plan, the ADC was \$304.6 million or 52.7% of Computation Pay and will be payable beginning October 1, 2026. The 2.025 Plan ADC contribution funding policy was effective October 1, 2024 and the City has not made the contributions based on the adopted Plan. It is expected, based upon an agreement between the City and DPFP entered into in connection with the plan litigation, that the City will make contributions based on a resolution adopted by the City Council on September 11, 2024, for the duration of the plan litigation. See Note 9 Commitments and Contingencies, Legal, for additional information on this litigation.

The January 1, 2023 valuation results were revised to reflect the 2.025 Plan and included resetting the actuarial value of assets to the market value of assets as of January 1, 2023 and recalculating the Actuarially Determined Contribution in the Combined Pension Plan. Resetting the actuarial value of assets to the market value of assets immediately recognized \$246.8 million of market value losses. The inclusion of an immediate partial COLA, which was first reflected as of January 1, 2024 and assumed to be effective October 1, 2025. However, in October 2025, the immediate partial COLA was not paid in compliance with a court order. See Note 12 for additional information on Legal Subsequent Events.

The January 1, 2025 actuarial valuation for the Supplemental Plan reports a funded ratio of 47% and an unfunded actuarial accrued liability of \$25.8 million compared to a funded ratio of 40.8% and an Unfunded Actuarial Accrued Liability of \$28.7 million as reported in the January 1, 2024 actuarial valuation. The increase in funded percentage and decrease in unfunded liability is due to investment gains and assumption changes offset by a loss from sources other than investments. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. The City's contributions for the Supplemental Plan are based on the ADC as determined by the actuary.

The Board's funding policy for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains or losses each year are amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the Fiduciary Net Position (FNP). GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate. The GASB No. 67 for the Combined Plan for December 31, 2024 reports a NPL of \$3.9 billion, which is an increase of \$500 million from the revised NPL reported for December 31, 2023 of \$3.4 billion. The addition of the immediate partial COLA accounted for \$417 million of the \$500 million increase. The Fiduciary Net Position as a Percentage of Total Pension Liabilities for the Combined Pension Plan was 34.2% at December 31, 2024 compared to 36.5% from the revised December 31, 2023 report. The December 31, 2023 NPL was revised subsequent to the publication of the January 1, 2024 actuarial valuation report.

The Supplemental Plan had a NPL of \$25.8 and \$25.5 million at December 31, 2024 and 2023, respectively. The Supplemental Plan had a FNP of 47% and 43.8% at December 31, 2024 and 2023, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

Contacting DPFP's Financial Management

This financial report is designed to provide members and other users with a general overview of DPFP's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

DECEMBER 31,	2024			2023		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	\$ 27,630,911	\$ 315,307	\$ 27,946,218	\$ 16,809,984	\$ 172,577	\$ 16,982,561
Fixed income securities	401,780,308	4,584,868	406,365,176	362,092,006	3,717,369	365,809,375
Equity securities	1,055,766,008	12,047,747	1,067,813,755	985,512,002	10,117,626	995,629,628
Real assets	247,322,377	2,822,290	250,144,667	275,723,992	2,830,683	278,554,675
Private equity	185,443,416	2,116,165	187,559,581	216,632,700	2,224,030	218,856,730
Forward currency contracts	(49)	(1)	(50)	-	-	-
Total investments	1,917,942,971	21,886,376	1,939,829,347	1,856,770,684	19,062,285	1,875,832,969
Receivables						
City	7,787,490	-	7,787,490	5,728,687	-	5,728,687
Members	2,625,157	10,055	2,635,212	2,073,930	9,382	2,083,312
Interest and dividends	4,495,688	51,302	4,546,990	4,621,058	47,441	4,668,499
Investment sales proceeds	60,047	685	60,732	1,943	20	1,963
Lease receivable	2,721,879	31,060	2,752,939	2,246,460	23,063	2,269,523
Other receivables	23,461	268	23,729	590,516	6,062	596,578
Total receivables	17,713,722	93,370	17,807,092	15,262,594	85,968	15,348,562
Cash and cash equivalents	71,500,901	815,924	72,316,825	61,712,765	633,566	62,346,331
Prepaid expenses	595,422	6,795	602,217	555,759	5,706	561,465
Capital assets, net	11,350,562	129,526	11,480,088	11,339,331	116,414	11,455,745
Total assets	2,019,103,578	22,931,991	2,042,035,569	1,945,641,133	19,903,939	1,965,545,072
Liabilities						
Other Payables						
Securities purchased	115,026	1,313	116,339	4,430,810	45,488	4,476,298
Accounts payable and other accrued liabilities	5,154,700	48,595	5,203,295	4,277,517	28,896	4,306,413
Total liabilities	5,269,726	49,908	5,319,634	8,708,327	74,384	8,782,711
Deferred inflow of resources	2,411,479	27,518	2,438,997	2,116,246	21,726	2,137,972
Net position restricted for pension benefits	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938	\$ 1,934,816,560	\$ 19,807,829	\$ 1,954,624,389

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2024			2023		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Additions (Reductions)						
Contributions						
City	\$ 188,633,391	\$ 4,256,587	\$192,889,978	\$ 171,960,839	\$ 3,665,783	\$ 175,626,622
Members	67,919,867	295,055	68,214,922	62,510,063	278,622	62,788,685
Total contributions	256,553,258	4,551,642	261,104,900	234,470,902	3,944,405	238,415,307
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	156,354,599	1,675,792	158,030,391	180,060,356	1,577,820	181,638,176
Interest and dividends	25,003,075	285,319	25,288,394	22,238,000	228,303	22,466,303
Total gross investment income	181,357,674	1,961,111	183,318,785	202,298,356	1,806,123	204,104,479
Less: Investment expense	(7,474,450)	(85,294)	(7,559,744)	(6,463,286)	(66,354)	(6,529,640)
Net investment income (loss)	173,883,224	1,875,817	175,759,041	195,835,070	1,739,769	197,574,839
Other income	511,667	5,839	517,506	47,263,208	485,221	47,748,429
Total additions	430,948,149	6,433,298	437,381,447	477,569,180	6,169,395	483,738,575
Deductions						
Benefits paid to members	341,808,845	3,166,479	344,975,324	338,035,629	2,940,634	340,976,263
Refunds to members	5,124,597	135,537	5,260,134	5,310,084	-	5,310,084
Professional and administrative expenses	7,408,894	84,546	7,493,440	5,974,248	61,334	6,035,582
Total deductions	354,342,336	3,386,562	357,728,898	349,319,961	3,001,968	352,321,929
Net increase/(decrease) in fiduciary net position	76,605,813	3,046,736	79,652,549	128,249,219	3,167,427	131,416,646
Net position restricted for pension benefits						
Beginning of period	1,934,816,560	19,807,829	1,954,624,389	1,806,567,341	16,640,402	1,823,207,743
End of period	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938	\$ 1,934,816,560	\$ 19,807,829	\$ 1,954,624,389

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed blended component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms “police officers” and “firefighters” also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP’s Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2024 and 2023, the Combined Pension Plan’s membership consisted of:

	2024	2023
Retirees and beneficiaries	5,242	5,231
Beneficiaries, DROP Only	203	141
Non-active vested members not yet receiving benefits	240	254
Non-active non-vested members not yet refunded	234	326
Total non-active members	5,919	5,952
Vested active members	3,976	3,854
Non-vested active members	1,380	1,277
Total active members	5,356	5,131

As of December 31, 2024 and 2023, the Supplemental Plan's membership consisted of:

	2024	2023
Retirees and beneficiaries	159	152
Beneficiaries, DROP Only	3	3
Non-active vested members not yet receiving benefits	-	1
Non-active non-vested members not yet refunded	-	-
Total non-active members	162	156
Vested active members	57	55
Non-vested active members	-	1
Total active members	57	56

The benefit, contribution and administration plan provisions discussed below are as of December 31, 2024 and 2023.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2024 and 2023:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP. Members are eligible for an ad hoc cost of living increase after the Combined Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent. An immediate partial COLA, payable while the Combined Pension Plan is under 70% funded on a market value basis, has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the CPI-U All Items in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2024 and 2023:

- Members who began membership before March 1, 2011, who have 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member had 20 years of pension service as of September 1, 2017.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.
- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.
- All members are eligible for an ad hoc cost of living increase after the Combined Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent. Members are eligible for an immediate partial COLA, payable while the Combined Pension Plan is under 70% funded on a market value basis. The immediate partial COLA has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the Consumer Price Index for All Urban Consumers (CPI-U All Items) in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Additional provisions under the Combined Pension Plan as of December 31, 2024 and 2023 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of \$75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.

- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of \$2,200 per month.
- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.
- Members who began membership after February 28, 2011, are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service-connected disability benefits are subject to a minimum benefit of \$110 for every year of pension service. The minimum benefit cannot exceed \$2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service.
- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and, for members who joined DROP prior to September 1, 2017, interest accrued prior to September 1, 2017. DROP balances of retired members and certain other non-member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of Article 6243a-1 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP balance and the present values of the annuitized balances for the Combined Pension Plan was \$869.3 million and \$902.7 million at December 31, 2024 and 2023, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- A minimum benefit is paid to vested retired members of \$2,200 per month subject to any restrictions and adjustments contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals \$1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is \$1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2024 and 2023 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of Computation Pay. Computation Pay is defined as base pay, determined by the civil service pay schedule, education incentive pay and longevity pay. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits is the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined to determine the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.
- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was \$5.2 million and \$5.7 million on December 31, 2024 and 2023, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.

Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members.

Contributions

Employee contribution rates did not change in 2024. The employee contribution rate is 13.5% of Computation Pay for all active members, including members in the DROP program.

Prior to October 1, 2024, City contributions for the Combined Pension Plan were established by statute. City contributions were 34.5% of Computation Pay, subject to a minimum floor, plus \$13 million.

Section 2.025 of the Texas Statute required that during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) perform an analysis that included the independent actuary's 1) conclusion regarding whether the Pension System meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or city contribution rates.

Additionally, Section 2.025 of the Statute required the Board to adopt a plan, by rule, no later November 1, 2024 and to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board of Trustees of DPFP adopted, by rule, the 2.025 Plan which met all of the requirements of Section 2.025 of the Statute. The funding policy for City contributions changed as a result of the required review process and plan adoption.

Based on the analysis conducted by the independent actuary, the Board adopted the 2.025 Plan which included no change to employee contributions and an actuarially based funding method for City contributions. City contributions will be based on an Actuarially Determined Contribution (ADC). The ADC will have a fixed-dollar component set for a 30-year period and will pay the City's share of the normal cost based on actual Computation Pay. The normal cost percentage, amortization of future gains and losses, and the total ADC will change with each actuarial valuation. The fixed-dollar amortization schedule was established by the independent actuary to amortize an amount derived from the January 1, 2023 unfunded actuarial accrued liability.

The ADC for the period October 1, 2024 through September 30, 2025 (City's Fiscal Year 2025) was set at \$215.1 million or \$8.273 million per bi-weekly pay period, based on the independent actuary's analysis. Beginning with the January 1, 2024 valuation, City contributions will be calculated by the ADC set by DPFP's actuary and will be reported based on the City's fiscal year beginning in the year after the valuation date. The January 1, 2024 valuation includes an ADC which will be payable in the City's fiscal year beginning October 1, 2025 (City's Fiscal Year 2026).

In addition to the ADC funding methodology change for City contributions, the 2.025 Plan also included a change to the cost-of-living adjustment (COLA) provisions in the Statute based on the recommendation of the independent actuary that the Plan should provide some COLA earlier than the COLA in the Statute. See the Benefits section in Note 1 for additional information on the COLA.

Section 2.025 is a time-limited section of the Statute that delegates solely to the Board the authority to amend contributions and benefits of the Plan, with consideration of the independent actuary's recommendations. Section 2.025 expired on September 1, 2025.

The City disagreed with the Board's interpretation of Section 2.025 and with the 2.025 Plan adopted by the Board. The City Council adopted a resolution on September 11, 2024 and are paying contributions based on that resolution. Beginning October 1, 2024, the City paid contributions based on a pro-rated bi-weekly amount of \$168.7 million (\$6.487 million per bi-weekly pay period) plus 6.78% of computation pay. The City contributions for future fiscal years are defined in the City resolution.

In August 2024, DPFP filed a declaratory judgement against the City of Dallas related to the interpretation of Section 2.025 and Section 802 of the Texas Government Code. The district court ruled in favor of DPFP. The City has appealed this decision. It is expected that the City will make contributions based on the resolution they adopted in September 2024 while the litigation is ongoing.

In addition to the time-limited authority under Section 2.025, City contributions can be changed by the Texas Legislature, by a majority vote of the voters of the city in accordance with a written agreement entered into between the City and the Pension System, where at least eight trustees have approved the agreement, provided that the change does not increase the period required to amortize the unfunded accrued liability of the Combined Pension Plan. Decreases in employee contributions require the approval of the Texas Legislature. Increases in employee contributions require the approval of at least a two-thirds vote of all trustees of the Board.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, elected by active members; one current or former firefighter, elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. *Summary of Significant Accounting Policies*

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the service, disability and death benefits required under the terms of the governing statutes and amendments thereto.

Basis of Accounting

The economic resources measurement focus basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the basic financial statements. The accrual basis of accounting is used for the Plans. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized in the period in which they are earned, and collection is reasonably assured. Expenses are recognized when liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due, pursuant to Plan requirements and State statute. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final biweekly payroll of the year for the years ended December 31, 2024 and 2023 were not received by DPFP until after year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized based on the systematic and rational allocation of the deferred inflow of resources over the term of the lease. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently blended governed component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third-party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the years ended December 31, 2024 and 2023. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each Plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99% on December 31, 2024 and 2023, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DPFP to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The Investment Policy Statement (IPS) of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DPFP's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2024. The actual asset allocation as of December 31, 2024 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION
Equity	65%
Global Equity	55%
Emerging Markets Equity	5%
Private Equity	5%
Safety Reserve and Fixed Income	25%
Cash	3%
Short-term Investment Grade Bonds	6%
Investment Grade Bonds	4%
High Yield Bonds	4%
Bank Loans	4%
Emerging Markets Debt	4%
Real Assets	10%
Private Real Estate	5%
Private Natural Resources	5%

The value and performance of DPFP's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, bank loans, US corporate bonds, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities, held in separate accounts, is based on published market prices or quotations from major investment dealers as provided by JPMorgan, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. Externally managed partnerships, joint venture and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager, on a continuous basis, values the underlying investment holdings.

Private equity and private credit investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding on December 31, 2024 and 2023 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2024 and 2023, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Leases

DPFP is a lessor for a noncancelable leases of office space and recognizes a lease receivable and a deferred inflow of resources in the System's statements of fiduciary net position.

At the commencement of a lease, DPFP initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how DPFP determines the discount rate and lease term it uses to discount the expected lease receipts to present value. The System uses 6.5% rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments as outlined in the lease agreements.

3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. At December 31, 2024 and 2023, the Board had a custody agreement with JPMorgan under which JPMorgan assumes responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers and reporting investment transactions.

The fair value of investments on December 31, 2024 and 2023 is as follows (in thousands):

	2024	2023
Short-term investments		
Short-term investment funds	\$ 27,946	\$ 16,982
Fixed income securities		
US Treasury bonds	53,095	48,856
US government agencies	23,674	20,085
Corporate bonds	179,911	162,551
Commingled funds	144,783	129,426
Municipal bonds	4,902	4,891
Equity securities		
Domestic	363,666	328,071
Foreign	161,832	185,696
Commingled funds	542,316	481,863
Real assets		
Real estate	149,183	158,353
Infrastructure	14,087	25,505
Timberland	12,708	14,602
Farmland	74,167	80,095
Private equity		
Private equity	187,559	218,857
Total	\$ 1,939,829	\$ 1,875,833

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to \$250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of an investment counterparty, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. On December 31, 2024 and 2023, all investment securities held by the custodian were registered in the name of DPFP and were held by JPMorgan in the name of DPFP. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issue. The DPFP Investment Policy Statement specifically addresses concentration of credit risk in the public markets by limiting the portfolio to 5% of Public Equity or Public Fixed Income assets invested in a single issuer, except for holdings for US Government and agency securities.

As of December 31, 2024 and 2023, the Group Trust did not have any single investment in a Public Equity or Public Fixed Income issuer which represented greater than 5% of the Plans' net position.

Concentrations of credit risk on the private markets are addressed in the DPFP Investment Policy in the following ways:

- Prohibiting investments to any direct private market investment that is tied to a single company.
- Limiting the portfolio to a 10% investment in a single fund of private market assets.
- Limiting the portfolio to 2% of the total market value of the entire DPFP investment portfolio in a single private market fund.
- Limiting the portfolio to 5% of the total market value of the DPFP investment portfolio in related private market funds.

As of December 31, 2024 and 2023, the Group Trust had investments in Private Market assets purchased prior to the implementation of this policy that represented greater than 5% of the Plans' net position.

Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is one of the greatest risks faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's IPS.

On December 31, 2024, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 40,118	\$ 6,208	\$ 6,769	\$ 53,095
US Government agencies	-	1,622	3,107	18,945	23,674
Corporate bonds	1,093	115,242	24,689	38,887	179,911
Municipal bonds	497	1,644	346	2,415	4,902
Total	\$ 1,590	\$ 158,626	\$ 34,350	\$ 67,016	\$ 261,582

On December 31, 2023, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 38,763	\$ 4,588	\$ 5,505	\$ 48,856
US Government agencies	-	1,549	2,523	16,013	20,085
Corporate bonds	4,564	109,780	22,625	25,582	162,551
Municipal bonds	280	1,374	581	2,656	4,891
Total	\$ 4,844	\$ 151,466	\$ 30,317	\$ 49,756	\$ 236,383

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds range from 0.4 to 5.1 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at each balance sheet date. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPFP does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2024, is as follows (in thousands):

CURRENCY		EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	1,883	\$	584	\$	2,467
Brazilian Real		-		2,207		2,207
British Pound Sterling		39,389		-		39,389
Canadian Dollar		4,963		-		4,963
Danish Krone		6,707		-		6,707
Euro		59,435		-		59,435
Hong Kong Dollar		3,909		-		3,909
Japanese Yen		24,740		-		24,740
Singaporean Dollar		1,835		-		1,835
South African Rand		-		11,311		11,311
South Korean Won		5,759		-		5,759
Swedish Krona		5,078		-		5,078
Swiss Franc		5,707		-		5,707
Taiwanese Dollar		2,427		-		2,427
Total	\$	161,832	\$	14,102	\$	175,934

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2023, is as follows (in thousands):

CURRENCY		EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	2,112	\$	399	\$	2,511
Brazilian Real		-		3,422		3,422
British Pound Sterling		36,425		-		36,425
Canadian Dollar		6,715		-		6,715
Danish Krone		9,732		-		9,732
Euro		80,209		-		80,209
Hong Kong Dollar		1,833		-		1,833
Japanese Yen		29,286		-		29,286
Singaporean Dollar		1,275		-		1,275
South African Rand		-		12,148		12,148
South Korean Won		5,625		-		5,625
Swedish Krona		7,882		-		7,882
Swiss Franc		4,602		-		4,602
Total	\$	185,696	\$	15,969	\$	201,665

In addition to the above exposures, certain fund-structure investments in the public equity, emerging markets debt, private debt and real assets asset classes with a total fair value of \$621.1 million on December 31, 2024 and \$572.4 million on December 31, 2023, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

Credit Risk

Credit risk refers to the potential for loss arising from a borrower's failure to meet contractual debt obligations in full or on time. It encompasses both the likelihood of default and the potential severity of loss, making it a central consideration in assessing the risk-adjusted return of fixed income and credit-oriented investments. DPFP does not have an investment policy specific to credit risk, however investment managers maintain guidelines and independently consider the inherent credit risk of investments.

The Group Trust's exposure to credit risk in fixed income securities as of December 31, 2024 and 2023 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2024

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 22,195	\$ 145	\$ 749	\$ 23,089
AA+	729	295	53,583	54,607
AA	1,054	823	91	1,968
AA-	4,199	1,070	-	5,269
A+	6,145	1,754	-	7,899
A	8,323	-	-	8,323
A-	13,685	735	-	14,420
BBB+	13,759	-	-	13,759
BBB	15,121	-	-	15,121
BBB-	10,600	-	-	10,600
BB+	5,507	-	-	5,507
BB	13,505	-	-	13,505
BB-	9,136	-	-	9,136
B+	8,847	-	-	8,847
B	6,338	-	-	6,338
B-	6,176	-	-	6,176
CCC+	4,943	-	-	4,943
CCC	2,059	-	-	2,059
CCC-	-	-	-	-
CC	1,565	-	-	1,565
C	-	-	-	-
D	12	-	-	12
NR ⁽¹⁾	26,013	80	22,346	48,439
Total	\$ 179,911	\$ 4,902	\$ 76,769	\$ 261,582

Total credit risk debt securities	\$ 261,582
Commingled (NR)	144,783
Total	\$ 406,365

(1) NR represents those securities that are not rated.

DECEMBER 31, 2023

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 20,796	\$ 200	\$ 838	\$ 21,834
AA+	2,171	413	49,538	52,122
AA	1,589	547	110	2,246
AA-	4,563	1,432	-	5,995
A+	5,884	1,755	-	7,639
A	7,422	280	-	7,702
A-	13,497	153	-	13,650
BBB+	11,926	-	-	11,926
BBB	10,587	-	-	10,587
BBB-	6,120	-	-	6,120
BB+	7,720	-	-	7,720
BB	7,271	-	-	7,271
BB-	9,363	-	-	9,363
B+	10,631	-	-	10,631
B	8,679	-	-	8,679
B-	6,166	-	-	6,166
CCC+	2,785	-	-	2,785
CCC	2,639	-	-	2,639
CCC-	1,845	-	-	1,845
CC	530	-	-	530
C	146	-	-	146
D	10	-	-	10
NR ⁽¹⁾	20,211	111	18,455	38,777
Total	\$ 162,551	\$ 4,891	\$ 68,941	\$ 236,383
Total credit risk debt securities				\$ 236,383
Commingled (NR)				129,426
Total				\$ 365,809

(1) NR represents those securities that are not rated.

Forward Contracts

During fiscal years 2024 and 2023, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over the counter. These transactions are initiated to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

The fair value and notional amounts of derivative instruments outstanding on December 31, 2024 and 2023, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2024

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

DECEMBER 31, 2023

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ 1	\$ -	\$ -

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4. *Fair Value Measurement*

GASB Statement No. 72 requires all investments to be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 - quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 - inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs
- Level 3 - significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2024, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2024	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 27,946	\$ 27,946	\$ -	\$ -
Fixed income securities				
US Treasury bonds	53,095	-	53,095	-
US government agencies	23,674	-	23,674	-
Corporate bonds	179,911	-	179,911	-
Municipal bonds	4,902	-	4,902	-
Equity securities				
Domestic	363,666	363,666	-	-
Foreign	161,832	161,832	-	-
Real assets				
Real estate ⁽¹⁾	51,558	-	-	51,558
Farmland	74,167	-	-	74,167
Private equity				
Private equity	49,240	-	-	49,240
Total Investments by Fair Value Level	\$ 989,991	\$ 553,444	\$ 261,582	\$ 174,965
Investments Measured at NAV				
Equity - commingled funds	\$ 542,316			
Fixed income - commingled funds	144,783			
Real assets ⁽¹⁾	124,420			
Private equity	138,319			
Total Investments Measured at NAV	\$ 949,838			
Total Investments Measured at Fair Value	\$ 1,939,829			

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2023, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2023	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 16,982	\$ 16,982	\$ -	\$ -
Fixed income securities				
US Treasury bonds	48,856	-	48,856	-
US government agencies	20,085	-	20,085	-
Corporate bonds	162,551	-	162,551	-
Municipal bonds	4,891	-	4,891	-
Equity securities				
Domestic	328,071	328,071	-	-
Foreign	185,696	185,696	-	-
Real assets				
Real estate ⁽¹⁾	60,374	-	-	60,374
Farmland	80,095	-	-	80,095
Private Equity				
Private equity ⁽²⁾	18,974	-	-	18,974
Total Investments by Fair Value Level	\$ 926,575	\$ 530,749	\$ 236,383	\$ 159,443

Investments Measured at NAV	
Equity - commingled funds	\$ 481,863
Fixed income - commingled funds	129,426
Real assets ⁽¹⁾	138,086
Private equity ⁽²⁾	199,883
Total Investments Measured at NAV	\$ 949,258

Total Investments Measured at Fair Value	\$ 1,875,833
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(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

(2) A private equity investment has been reclassified to level 3 from the NAV classification.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, bank loans, international debt securities and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DPFP either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments which are wholly owned direct holdings, are valued at the income, cost or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy. Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DPFP's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2024 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 542,316	\$ -
Fixed Income - commingled funds	144,783	514
Real assets	124,420	7,141
Private equity	138,319	450
Total	\$ 949,838	\$ 8,105

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2023 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 481,863	\$ -
Fixed Income - commingled funds	129,426	514
Real assets	138,086	7,141
Private equity	199,883	450
Total	\$ 949,258	\$ 8,105

Investments measured at NAV include commingled funds, real assets and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies. Strategies held within commingled funds include international small cap, emerging markets equity and a passive MSCI ACWI IMI allocation. Liquidity is available within 1 to 15 days of notice.

Fixed income commingled funds have redemption periods of 7 to 30 days. Approximately half of the funds are invested in bank debt instruments of non-investment grade companies, while the other half is invested in debt instruments of emerging markets countries or corporations, denominated in both local currency and USD.

Real asset investments (including investment strategies in commercial real estate, infrastructure and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DPFP commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DPFP fund a portion of this amount. Such amounts remaining as of December 31, 2024 and 2023 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability on December 31, 2024 and 2023 are as follows (in thousands):

Combined Pension Plan

	2024	2023
Total pension liability	\$ 5,884,524	\$ 5,307,255
Less: Plan fiduciary net position	(2,011,422)	(1,934,816)
Net pension liability	\$ 3,873,102	\$ 3,372,439

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2024 and 2023 is 34.2% and 36.5%, respectively.

Supplemental Plan

	2024	2023
Total pension liability	\$ 48,672	\$ 45,266
Less: Plan fiduciary net position	(22,855)	(19,808)
Net pension liability	\$ 25,817	\$ 25,458

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2024 and 2023 is 47% and 43.8%, respectively.

The 2023 results were revised subsequent to the publication of the January 1, 2024 actuarial valuation report and have been updated for this schedule.

Actuarial Assumptions as of December 31, 2024

The total pension liability was determined by an actuarial valuation as of January 1, 2025, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit increases	Beginning October 1, 2025, 0.85% on original benefit for first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15 and 1.5% thereafter.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2023

The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
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Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	Range of 2.50% to 3.00% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 and 2023 Meet and Confer Agreements.
Payroll growth	2.50% per year, to match inflation assumption
Post-retirement benefit increases	Beginning October 1, 2025, 0.85% on original benefit for first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15 and 1.5% thereafter.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.
Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.

Long Term Expected Rate of Return

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2024 are summarized as shown below. The rates of return below are net of the inflation component of 2.5%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	6.13%	54%
Emerging Markets Equity	7.40%	4%
Private Equity	9.65%	6%
Short-Term Investment Grade Bonds	1.35%	6%
Investment Grade Bonds	1.90%	4%
High Yield Bonds	3.50%	4%
Bank Loans	3.10%	4%
Emerging Markets Debt	3.60%	3%
Private Credit	6.10%	4%
Real Estate	3.50%	5%
Natural Resources	9.85%	3%
Cash	1.10%	3%

Note: The Target Asset Allocation used in this chart became effective January 1, 2025.

Discount rate

The discount rate used to measure the Combined Pension Plan Total Pension Liability (TPL) was 6.50%. Based on changes adopted by the Board, which include the City's payment of the actuarial determined contribution, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The discount rate used to measure the Total Pension Liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the Net Pension Liability, calculated using the current discount rate, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2024

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,618,536	\$ 3,873,102	\$ 3,255,677
Supplemental Plan			
Net pension liability	\$ 30,894	\$ 25,817	\$ 21,535

DECEMBER 31, 2023

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,533,891	\$ 3,789,771	\$ 3,179,133
Supplemental Plan			
Net pension liability	\$ 34,042	\$ 28,745	\$ 24,310

6. *Deferred Retirement Option Plan*

Deferred Retirement Option Plan (DROP) interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017, is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member's life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree's expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance. Drop annuities are assignable at the death of holder.

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The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2024:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2023	\$ 89,264	Participants on December 31, 2023	218
Accumulations	9,309		
Balances Annuitized	(19,199)		
Other Distributions/Deductions	(19)		
Adjustments	-		
Balance on December 31, 2024	\$ 79,355	Participants on December 31, 2024	201
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2023 ¹	\$ 813,462	Annuitants on December 31, 2023	2,666
Present Value of Annuities on December 31, 2024 ¹	\$ 789,906	Annuitants on December 31, 2024	2,704

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2023	\$ 132	Participants on December 31, 2022	2
Accumulations			
Balances Annuitized			
Other Distributions/Deductions			
Adjustments			
Balance on December 31, 2024	\$ 132	Participants on December 31, 2023	2
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2023 ¹	\$ 5,552	Annuitants on December 31, 2023	68
Present Value of Annuities on December 31, 2024 ¹	\$ 5,107	Annuitants on December 31, 2024	68

¹ Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DPFP staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with Texas Government Code, Title 8, Subtitle G (TMRS Act) for the benefit of the employees of Texas participating cities. The TMRS plan is a cash-balance retirement plan. DPFP employees become a participant in the TMRS plan on their first day of service. Employees are required to contribute 7% of their total pay, not to exceed IRS Code limitations, and the system contributes an actuarially determined amount to equal a 2:1 match. DPFP contributed approximately \$275 and \$261 thousand for years 2024 and 2023, respectively. Participants contributed approximately \$205 and \$193 thousand to the TMRS plan for the years 2024 and 2023, respectively. The TMRS plan is not a component of the accompanying financial statements.

8. Capital Assets

The DPFP office building and land are recorded at acquisition value. Purchased capital assets, which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of \$238 and \$225 thousand for years 2024 and 2023, respectively is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2024 and 2023. All capital assets belong to DPFP. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	\$ 50	50 years
Building improvements	\$ 50	15 years or term of lease
Information Technology Hardware	\$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2024 and 2023 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2022	INCREASES	DECREASES	BALANCE DECEMBER 31, 2023	INCREASES	DECREASES	BALANCE DECEMBER 31, 2024
Land	\$ 3,562	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ 3,562
Building	7,972	-	190	7,782	-	190	7,592
Building improvements	50	75	20	105	185	32	258
IT Hardware	22	-	15	7	77	16	68
Total	\$ 11,606	\$ 75	\$ 225	\$ 11,456	\$ 262	\$ 238	\$ 11,480

9. *Commitments and Contingencies*

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions, without interest, if they have less than five years of pension service. As of December 31, 2024 and 2023, aggregate contributions from active non-vested members for the Combined Pension Plan were \$26.8 million and \$25.0 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of \$896 thousand and \$1.5 million for December 31, 2024 and 2023, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2024, there were no aggregate contributions from active non-vested members of the Supplemental Plan and \$98 thousand for 2023. There were no members eligible for a refund from the Supplemental Plan as of December 31, 2024 and only one member in 2023.

On December 31, 2024 the total accumulated DROP balance and the present value of the DROP annuities was \$869.3 million for the Combined Plan and \$5.2 million for the Supplemental Plan. On December 31, 2023 the total accumulated DROP balance and the present value of the DROP annuities was \$902.7 million for the Combined Plan and \$5.7 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors on December 31, 2024, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	\$ 107,000	\$ 7,141
Private equity	5,000	450
Fixed income - commingled funds	10,000	514
Total	\$ 122,000	\$ 8,105

Legal

In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The plaintiff has filed a petition for review with the Texas Supreme Court. A judgment for the plaintiffs would have a material effect upon DPFP and its financial statement and condition. The ultimate outcome of this lawsuit cannot be determined at this time and, accordingly, no amounts related to these claims have been recorded in the accompanying financial statements as of December 31, 2024.

In August 2024, DPFP filed a Declaratory Judgement Action against the City of Dallas related to interpretation of the DPFP plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPFP. The City has appealed this ruling. The ultimate outcome of this lawsuit cannot be determined at this time.

10. *Risks and Uncertainties*

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

11. *Leases*

DPFP owns an office building and leases two floors of the building. DPFP entered into lease agreements, as a lessor, for office space owned by DPFP in 2023 and 2024. The lease terms are from 5-10 years with no cancellation period. Upon commencement of the leases, DPFP recognized lease receivables and deferred inflow of resources, which were measured at the present value of the future lease payments, discounted using a 6.50% interest rate. The lease receivables are amortized over the life of the leases. In 2024, the principal reduction was \$116 thousand and the interest income recorded was \$165 thousand. The deferred inflow of resources is amortized and recognized as revenue based on a systematic and rational allocation over the term of the lease. The amount of deferred inflow of resources amortized and recorded as revenue in 2024 was \$298 thousand.

The following schedule represents future minimum lease payments receivable as of December 31, 2024:

YEAR	PRINCIPAL	INTEREST	TOTAL FUTURE MINIMUM LEASE PAYMENTS
2025	\$ 292,189	\$ 170,362	\$ 462,551
2026	294,665	152,136	446,801
2027	326,058	131,943	458,001
2028	359,831	109,629	469,460
2029	357,240	85,076	442,316
2030 - 2033	1,122,956	136,945	1,259,901
Total	\$ 2,752,939	\$ 786,091	\$ 3,539,030

12. *Subsequent Events*

Legal

In October 2025, the City of Dallas filed an Emergency Motion in the Court of Appeals to prevent DPFP from paying a COLA in October 2025 as was included in the 2.025 Plan. The Court of Appeals ordered a stay on any payment of a COLA pending the Court's decision of the appeal by the City of Dallas.

Real Asset and Private Equity Sales

Subsequent to year end and prior to the issuance date of the financials, there were six distributions from Real Assets totaling \$4.1 million, two distributions from Fixed Income totaling \$98 thousand and five distributions from Private equity totaling \$11.5 million.

Change in Service Provider

In July 2024, the Board voted to change the Custodian of the fund to BNY, which began serving as Custodian of the fund on January 1, 2025.

Asset Allocation Changes

In October 2024, the Board approved a revised Asset Allocation which included updates to asset class targets, ranges, benchmarks and implementation considerations which became effective on January 1, 2025.

Management has evaluated subsequent events through _____, 2025, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

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Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

COMBINED PENSION PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 80,814	\$ 80,051	\$ 71,625	\$ 69,963	\$ 56,244
Interest	338,949	335,598	329,455	326,951	324,046
Changes of benefit terms	451,714	-	-	-	-
Differences between expected and actual experience	109,671	(19,708)	(42,456)	(26,683)	70,548
Changes of assumptions	(56,946)	-	65,942	(4,238)	257,525
Benefit payments, including refunds of employee contributions	(346,933)	(343,346)	(333,638)	(324,633)	(317,951)
Net change in total pension liability	577,269	52,595	90,928	41,360	390,412
Total pension liability - beginning	5,307,255	5,254,660	5,163,732	5,122,372	4,731,960
Total pension liability - ending (a)	\$ 5,884,524	\$ 5,307,255	\$ 5,254,660	\$ 5,163,732	\$ 5,122,372
Plan fiduciary net position					
Employer contributions	\$ 188,633	\$ 171,961	\$ 169,911	\$ 165,541	\$ 161,950
Employee contributions	67,920	62,510	59,706	58,560	57,305
Net investment income (loss), net of expenses	174,395	243,098	(240,891)	321,064	(8,927)
Benefits payments	(346,933)	(343,346)	(333,638)	(324,633)	(317,951)
Interest expense	-	-	-	-	-
Administrative expenses	(7,409)	(5,974)	(6,362)	(6,391)	(6,534)
Net change in plan fiduciary net position	76,606	128,249	(351,274)	214,141	(114,157)
Plan fiduciary net position - beginning	1,934,816	1,806,567	2,157,841	1,943,700	2,057,857
Plan fiduciary net position - ending (b)	\$ 2,011,422	\$ 1,934,816	\$ 1,806,567	\$ 2,157,841	\$ 1,943,700
Net pension liability - ending (a) - (b)	\$ 3,873,102	\$ 3,372,439	\$ 3,448,093	\$ 3,005,891	\$ 3,178,672
Plan fiduciary net position as a percentage of total pension liability	34.2%	36.5%	34.4%	41.8%	38.0%
Covered payroll	\$ 554,095	\$ 469,276	\$ 462,820	\$ 436,971	\$ 427,441
Net pension liability as a percentage of covered payroll	699.0%	718.6%	745.0%	687.9%	743.7%

(Continued)

Note: The 2023 results were revised subsequent to the publication of the January 1, 2024 actuarial valuation report and have been updated for this schedule.

COMBINED PENSION PLAN**FOR MEASUREMENT DATE ENDING
DECEMBER 31.**

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 49,155	\$ 44,792	\$ 148,552	\$ 167,432	\$ 125,441
Interest	318,703	318,536	348,171	360,567	359,023
Changes of benefit terms	-	16,091	(1,167,597)	-	-
Differences between expected and actual experience	16,723	(46,555)	(134,665)	(77,463)	379,461
Changes of assumptions	155,569	(31,460)	(2,851,241)	(712,003)	908,988
Benefit payments, including refunds of employee contributions	(309,860)	(297,081)	(296,154)	(825,092)	(285,003)
Net change in total pension liability	230,290	4,323	(3,952,934)	(1,086,559)	1,487,910
Total pension liability - beginning	4,501,670	4,497,347	8,450,281	9,536,840	8,048,930
Total pension liability - ending (a)	\$ 4,731,960	\$ 4,501,670	\$ 4,497,347	\$ 8,450,281	\$ 9,536,840

Plan fiduciary net position

Employer contributions	\$ 155,721	\$ 149,357	\$ 126,318	\$ 119,345	\$ 114,886
Employee contributions	52,268	49,332	32,977	25,518	25,676
Net investment income (loss), net of expenses	124,260	42,822	98,911	164,791	(235,207)
Benefits payments	(309,861)	(297,081)	(296,154)	(825,092)	(285,003)
Interest expense	-	-	(1,279)	(4,532)	(8,417)
Administrative expenses	(6,445)	(5,861)	(8,090)	(9,492)	(6,006)
Net change in plan fiduciary net position	15,943	(61,431)	(47,317)	(529,462)	(394,071)
Plan fiduciary net position - beginning	2,041,914	2,103,345	2,150,662	2,680,124	3,074,195
Plan fiduciary net position - ending (b)	\$ 2,057,857	\$ 2,041,914	\$ 2,103,345	\$ 2,150,662	\$ 2,680,124

Net pension liability - ending (a) - (b)	\$ 2,674,103	\$ 2,459,756	\$ 2,394,002	\$ 6,299,619	\$ 6,856,716
Plan fiduciary net position as a percentage of total pension liability	43.5%	45.4%	46.8%	25.5%	28.1%
Covered payroll	\$ 396,955	\$ 363,117	\$ 346,037	\$ 357,414	\$ 365,210
Net pension liability as a percentage of covered payroll	673.7%	677.4%	691.8%	1,762.6%	1,877.5%

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

SUPPLEMENTAL PENSION PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 1,259	\$ 1,262	\$ 1,020	\$ 394	\$ 379
Interest	2,917	2,786	2,630	2,373	2,438
Changes of benefit terms	3,535	-	-	-	-
Differences between expected and actual experience	291	1,092	501	3,371	47
Changes of assumptions	(1,294)	-	891	(4)	1,559
Benefit payments, including refunds of employee contributions	(3,302)	(2,941)	(2,843)	(2,750)	(2,778)
Net change in total pension liability	3,406	2,199	2,199	3,384	1,645
Total pension liability - beginning	45,266	43,067	40,868	37,484	35,839
Total pension liability - ending (a)	\$ 48,672	\$ 45,266	\$ 43,067	\$ 40,868	\$ 37,484
Plan fiduciary net position					
Employer contributions	\$ 4,256	\$ 3,666	\$ 2,807	\$ 2,099	\$ 1,777
Employee contributions	295	279	256	228	245
Net investment income (loss), net of expenses	1,882	2,224	(2,181)	2,765	(122)
Benefits payments	(3,302)	(2,941)	(2,843)	(2,750)	(2,778)
Interest expense	-	-	-	-	-
Administrative expenses	(84)	(61)	(59)	(55)	(55)
Net change in plan fiduciary net position	3,047	3,167	(2,020)	2,287	(933)
Plan fiduciary net position - beginning	19,808	16,641	18,661	16,374	17,307
Plan fiduciary net position - ending (b)	\$ 22,855	\$ 19,808	\$ 16,641	\$ 18,661	\$ 16,374
Net pension liability - ending (a) - (b)	\$ 25,817	\$ 25,458	\$ 26,426	\$ 22,207	\$ 21,110
Plan fiduciary net position as a percentage of total pension liability	47.0%	43.8%	38.6%	45.7%	43.7%
Covered payroll	\$ 1,838	\$ 1,923	\$ 1,800	\$ 1,631	\$ 627
Net pension liability as a percentage of covered payroll	1,404.6%	1,324.2%	1,468.0%	1,361.3%	3,368.0%

(Continued)

Note: The 2023 results were revised subsequent to the publication of the January 1, 2024 actuarial valuation report and have been updated for this schedule.

SUPPLEMENTAL PENSION PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 212	\$ 222	\$ 111	\$ 70	\$ 36
Interest	2,223	2,359	2,799	2,911	2,953
Changes of benefit terms	-	888	(5,305)	-	-
Differences between expected and actual experience	3,007	(2,628)	(1,435)	1,105	928
Changes of assumptions	1,332	28	(479)	(916)	(600)
Benefit payments, including refunds of employee contributions	(2,766)	(2,708)	(2,668)	(5,912)	(2,640)
Net change in total pension liability	4,008	(1,839)	(6,977)	(2,742)	677
Total pension liability - beginning	31,831	33,670	40,647	43,389	42,712
Total pension liability - ending (a)	\$ 35,839	\$ 31,831	\$ 33,670	\$ 40,647	\$ 43,389
Plan fiduciary net position					
Employer contributions	\$ 1,530	\$ 1,979	\$ 2,077	\$ 3,064	\$ 2,443
Employee contributions	111	74	66	35	43
Net investment income (loss), net of expenses	169	1,220	740	1,141	(1,689)
Benefits payments	(2,766)	(2,708)	(2,668)	(5,912)	(2,640)
Interest expense	-	-	(11)	(78)	(44)
Administrative expenses	(55)	(52)	(69)	(37)	(61)
Net change in plan fiduciary net position	(1,011)	513	135	(1,787)	(1,948)
Plan fiduciary net position - beginning	18,318	17,805	17,670	19,457	21,405
Plan fiduciary net position - ending (b)	\$ 17,307	\$ 18,318	\$ 17,805	\$ 17,670	\$ 19,457
Net pension liability - ending (a) - (b)	\$ 18,532	\$ 13,513	\$ 15,865	\$ 22,977	\$ 23,932
Plan fiduciary net position as a percentage of total pension liability	48.3%	57.6%	52.9%	43.5%	44.8%
Covered payroll	\$ 584	\$ 622	\$ 916	\$ 525	\$ 725
Net pension liability as a percentage of covered payroll	3,172.8%	2,173.8%	1,731.6%	4,376.2%	3,303.3%

See notes below related to this schedule.

Notes to Schedule:**Changes of benefit terms:*****As of December 31, 2024***

An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in CPI-U All items in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5

As of December 31, 2023

HB 4034 amended section 6.04(f) of Article 6243a-1 regarding disability benefits. The multiplier for disability benefits for members with service after September 1, 2017 was changed to 2.5% instead of an age-based table.

HB 4034 amended section 6.08 of Article 6243a-1 regarding death benefits for qualified survivors if a member dies in the line of duty. The multiplier for members hired prior to March 1, 2011 for service prior to September 1, 2017 was increased to 3% instead of 1.5%. For service after September 1, 2017, the multiplier was increased to 2.5% from 1.25%. For members hired on or after March 1, 2011, the multiplier was increased to 2.5% instead of 1.25%. The increased multiplier is for survivors who are either the member's children or surviving spouse, but not both. The maximum death benefit was increased to 90% from 45% of the member's average computation pay determined over 36 or 60 consecutive months.

As of December 31, 2022 - None***As of December 31, 2021***

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020 and 2019 - None***As of December 31, 2018***

The provision allowing members who entered DROP before June 1, 2017 to revoke the DROP election during a window from September 1, 2017 through February 28, 2018 is reflected in the December 31, 2018 total pension liability.

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011
- Benefit multipliers for 20 and Out benefit lowered
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20-years of service
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011
- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011

- Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a market value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement
- Active DROP participation is limited to 10 years
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus \$13 million per year.

As of December 31, 2016 and 2015 - None

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2025 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2024. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2025 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2024

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex.
- The mortality improvement rates were updated to be projected generationally with Scale MP-2021.
- The DROP retirement rates were updated to lowered age-based rates covering the same service age ranges for each group.
- The non-DROP retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lowered age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption was increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

As of December 31, 2023 -None

As of December 31, 2022

- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.
- The DROP Active retirement rates for participants in DROP for ten years was lowered from 100% to 75%.

As of December 31, 2021

- Administrative expense assumption was reduced to \$7.0 million from \$8.5 million or 1% of Computation Pay for the Combined Plan and to \$55 thousand from \$65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated, and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years
- Retirement rates were changed effective January 1, 2018
- 100% retirement rate once the projected sum of age plus service equals 90
- New terminated vested members are assumed to retire at age 58
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
- The administrative expense assumption was changed from the greater of \$10 million per year or 1% of Computation Pay to the greater of \$8.5 million per year or 1% of Computation Pay for the Combined Plan and from \$60 thousand to \$65 thousand for the Supplemental Plan

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

As of December 31, 2015

The blended discount rate used to measure the total pension liability changed from 4.94% to 3.95% for the Combined Pension Plan and from 7.13% to 7.19% for the Supplemental Plan.

As a result of the actuarial experience study completed for the five-year period ending December 31, 2014, the following changes in assumptions were adopted by the Board. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2016 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

- Salary scales were updated with separate service-based salary assumptions for police officers and firefighters, lowering the range of increase to 3.00% to 5.20% from the previous assumed range of 4.00% to 9.64%.
- The payroll growth rate assumption was lowered from 4.00% to 2.75% to equal the assumed inflation rate.
- In the prior valuation, the investment return assumption was net of both investment and administrative expenses. In the December 31, 2015 valuation, an explicit assumption for administrative expenses was added to the normal cost. Assumptions of \$10 million and \$60 thousand per year were utilized for the Combined Pension Plan and Supplemental Plan, respectively.

- In the prior valuation for the Combined Pension Plan, an asset valuation method using a 10-year smoothing period was applied. In the December 31, 2015 valuation, the actuarial value of assets was reset to market value as of the measurement date. A five-year smoothing period will be used in future periods.
 - The remaining amortization period was adjusted from 30 years to 40 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.
- Mortality tables were updated from the RP-2000 tables to the RP-2014 tables.
- Assumed rates of turnover were lowered for police officers and raised for firefighters to reflect recent experience.
- Retirement rates were lowered for both police officers and firefighters, with the separation of service-based assumptions implemented based on recent experience.
- Disability rates were lowered for both police officers and firefighters and service-based assumptions were eliminated based on the similarity of recent experience between the two services.
- The assumption of the portion of active employees who are married was lowered from 80% to 75% and the age of the youngest child was raised from 1 to 10.

DRAFT

Schedule of Employer Contributions - Combined Pension Plan
(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2024	\$ 237,229	\$ 188,633	\$ 48,596	\$ 469,276	40.2%
2023	251,606 ⁽¹⁾	171,961	79,646	462,820	37.2%
2022	228,531	169,911	58,619	436,971	38.9%
2021	221,286	165,541	55,744	427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

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

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Prior to January 1, 2016, the actuarial determined contribution for the Combined Plan was not determined by the actuary.

For 2024, the ADC is calculated as of the valuation date and excludes the 21 month projection to the City's following fiscal year, to allow for a comparison point for the contributions.

Prior to 2024, the City's contributions were based on statutory rates set by State law and not Actuarially Determined Contributions. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:

The following methods and assumptions used to calculate the Actuarial Determined Contribution:

As of December 31, 2024

Actuarial cost method

Entry age normal cost method

Amortization method

The Board adopted a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.250 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$1.331 billion, with a three-year step up of the amortization payment, with the outstanding balance after three years to be amortized over a 27-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method of changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.

Remaining amortization period	29 years as of January 1, 2024
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2023

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	82 years as of January 1, 2023
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2022</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	68 years as of January 1, 2022
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2021 that differed from above

Remaining amortization period	63 years as of January 1, 2021
Post-retirement benefit	COLA assumed to be 2.00% simple increases beginning October 1, 2073

As of December 31, 2020 that differed from above

Amortization method	25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.
Remaining amortization period	55 years as of January 1, 2020
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and increases payable every October 1 thereafter

As of December 31, 2019 that differed from above

Amortization method	30-year level percent of pay, using 2.75% annual increases
Remaining amortization period	38 years as of January 1, 2019
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Projected salary increases	Inflation plus merit increases, varying by group and service

Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Remaining amortization period	45 years as of January 1, 2018
Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and increases payable every October 1 thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and increases payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

Schedule of Employer Contributions - Supplemental Plan
(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2024	\$ 4,257	\$ 4,257	\$ -	\$ 1,923	221.4%
2023	3,666	3,666	-	1,800	203.6%
2022	2,807	2,807	-	1,631	172.1%
2021	2,099	2,099	-	627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%
2015	2,443	2,443	-	557	438.8%

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially Determined Contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415.

Notes to Schedules:

The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2024

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	14 years as of January 1, 2024.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2023</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	15 years as of January 1, 2023.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of all expense, including administrative expenses.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019

Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
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DROP election	The DROP utilization factor is 0% for new entrants.
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As of December 31, 2022

Actuarial cost method	Entry age normal cost method
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Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
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Remaining amortization period	16 years as of January 1, 2022.
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Asset valuation method	Market value of assets
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Investment rate of return	6.50% per annum, including inflation, net of all expense, including administrative expenses.
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Inflation rate	2.50%
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Projected salary increases	Inflation plus merit increases, varying by group and year
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Retirement rates	Group-specific rates based on age
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Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019
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Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019

Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019

Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
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DROP election	The DROP utilization factor is 0% for new entrants.
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As of December 31, 2021 that differed from above

Remaining amortization period	17 years as of January 1, 2021.
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Post-retirement benefit increases	COLA assumed to be a 1.5% COLA beginning October 1, 2073 and payable every October 1st thereafter
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As of December 31, 2020 that differed from above

Amortization method	20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.
Remaining amortization period	20 years
Investment rate of return	7.00% per annum, compounded annually, net of all expense, including administrative expenses.
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and payable every October 1st thereafter

As of December 31, 2019 that differed from above

Amortization method	10 years level percent of pay, using 2.75% annual increases
Remaining amortization period	10 years
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and payable every October 1st thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	October 1, 2015 - 7% October 1, 2016 - 6% October 1, 2017 and thereafter - 5%
DROP election	Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

As of December 31, 2015 and 2014 that differed from above

Projected salary increases	Range of 4.00% - 9.64%
Mortality	RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA for healthy retirees and active members.

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2024	8.30%
2023	10.15%
2022	(2.77%)
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%
2015	(12.70%)

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments and is provided by DPFP's investment consultant, Meketa Investment Group Inc. for the periods 2018-2024 and NEPC, LLC for the periods 2015-2017.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

For both the Combined and Supplemental Plans

Year Ended December 31, 2024

ADMINISTRATIVE EXPENSES

Information technology	\$	623,840
Education		41,254
Insurance		518,364
Personnel		3,802,904
Office equipment		114,114
Dues and subscriptions		159,205
Board meetings		2,403
Office supplies		25,768
Utilities		25,063
Postage		15,524
Printing		5,735
Elections		-
Facilities		736,133
Other		22,557
Total administrative expenses	\$	6,092,864

INVESTMENT EXPENSES

Investment management	\$	6,022,663
Custodial		214,957
Investment level valuations and audits		477,803
Research		43,478
Consulting and reporting		567,917
Legal		110,551
Tail-end advisory		66,600
Tax		48,446
Other		7,329
Total investment expenses	\$	7,559,744

PROFESSIONAL SERVICES EXPENSES

Actuarial		337,476
Auditing		132,300
Accounting		62,332
Medical review		4,900
Legal		698,982
Mortality records		5,499
Legislative		126,000
Other		33,087
Total professional services expenses	\$	1,400,576

Notes to Schedule:

Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DPFP are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report.



DISCUSSION SHEET

ITEM #C2

Topic: 2024 Annual Comprehensive Financial Report

Discussion: Staff will present the 2024 Annual Comprehensive Financial Report.

Staff

Recommendation: **Authorize** the Executive Director to issue the 2024 Annual Comprehensive Financial Report and to forward the report to the Pension Review Board, the City of Dallas and to post it on the DPFP website.

Regular Board Meeting – Thursday, November 13, 2025

20 ANNUAL COMPREHENSIVE FINANCIAL REPORT

24

FOR THE YEARS ENDING
DECEMBER 31, 2024 AND 2023



AN INDEPENDENTLY GOVERNED
BLENDED COMPONENT UNIT OF
THE CITY OF DALLAS TEXAS



DALLAS
POLICE & FIRE
PENSION SYSTEM



4100 HARRY HINES BLVD. STE.100
DALLAS, TEXAS 75219
WWW.DPFP.ORG | 214-638-3863

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDING
DECEMBER 31, 2024 AND 2023

PREPARED THROUGH THE
COMBINED EFFORTS OF THE
DALLAS POLICE & FIRE PENSION
SYSTEM STAFF.
KELLY GOTTSCHALK,
EXECUTIVE DIRECTOR

PROTECTING THE FUTURE

SERVING THOSE WHO PROTECT THE DALLAS COMMUNITY

AN INDEPENDENTLY GOVERNED
BLENDED COMPONENT UNIT OF
THE CITY OF DALLAS TEXAS



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INTRODUCTION

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**OLD RED COURT
HOUSE AND MUSEUM**



Transmittal Letter

November 13, 2025

Board of Trustees
Dallas Police and Fire Pension System
4100 Harry Hines Blvd., Suite 100
Dallas, TX 75219

Dear Trustees and Members:

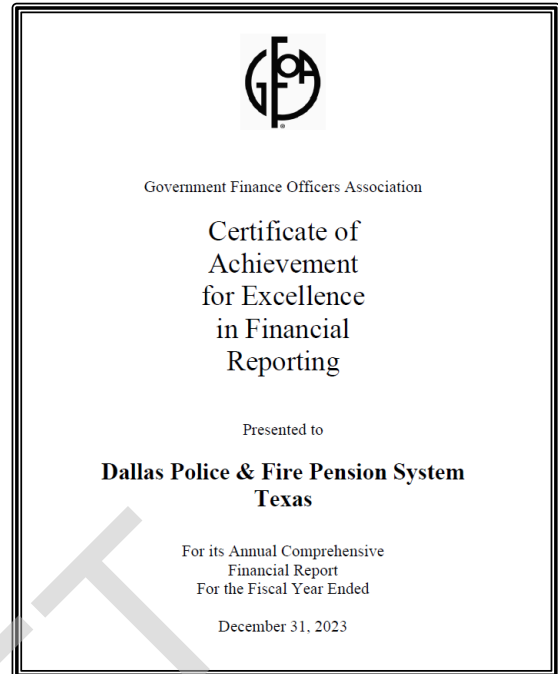
I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal year ended December 31, 2024. Responsibility for both the accuracy of the data, and the completeness and fairness of presentation, rests with DPFP management.

Management is also responsible for establishing a system of internal controls to safeguard assets. The cost of a control should not exceed the benefits to be derived. The objective of the system of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BDO USA, LLP (BDO) audited the accompanying basic financial statements and related disclosures. The financial statement audit provides reasonable assurance that DPFP's financial statements are presented in conformity with accounting principles generally accepted in the United States of America and are free from material misstatement.

The financial statements include a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found immediately following the independent auditor's reports in the Financial section.

Profile of DPFP

DPFP is an independently governed blended component unit of the City of Dallas (City) and serves to provide retirement, death and disability benefits to police officers and firefighters employed by the City. DPFP is a single employer contributory defined benefit plan. The general terms "police officers" and "firefighters" also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. A retirement plan for Dallas police officers and firefighters was first created in 1916 by City of Dallas ordinance. In 1933, the 43rd Legislature enacted 6243a, Vernon's Texas Civil Service Statutes, establishing DPFP. The Plan was restated and continued in 1989 by an Act of the 71st Legislature under Article 6243a-1. Article 6243a-1 was significantly amended by House Bill 3158 (HB 3158 or the bill) which was passed unanimously by the 85th Legislature and was signed into law by Governor Abbott on May 31, 2017. This plan is referred to as the Combined Pension Plan. On December 31, 2024, there were 11,275 members and beneficiaries in the Combined Pension Plan.



The Supplemental Plan was created by City Ordinance in 1973. The intent of the Supplemental Plan is to provide additional retirement benefits to those members holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. On December 31, 2024, there were 219 members and beneficiaries in the Supplemental Plan.

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust. Administrative and professional expenses of DPFP are allocated to each plan on a pro-rata share based on the assets of each plan.

Major Initiatives and Significant Events

In 2024, DPFP focused on meeting the Texas Legislature mandate, Section 2.025, which was included in HB 3158. Section 2.025 required the Board to adopt a plan, by rule, (2.025 Plan) to ensure the Combined Pension Plan meets the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board adopted, by rule, a plan that 1) complies with the funding and amortization period requirements applicable to the pension system under Subchapter C, Chapter 802 of the Texas Government Code and 2) took into consideration the recommendations of the independent actuary. Additional information is in the Funding Section of this letter and in the MD&A and notes in the Financial Section of this report.

In addition to continuing work on liquidating legacy private assets, DPFP began working with a private markets consultant to develop the construction, benchmarks, pacing and recommendations for the private credit portfolio. See additional discussion under Investment Program and Illiquid Real Estate and Private Asset Portfolio in this letter.

Additional information is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment and Actuarial section of this report.

Funding Status

As has been described in detail in prior years' Annual Comprehensive Financial Reports, the Combined Pension Plan experienced a funding crisis beginning in 2015. At the lowest point, the Combined Pension Plan was projected to be insolvent in seven years. The legislation, which was effective September 1, 2017, created a path to 100% funding. Section 2.025 of Article 6243a-1 required that the Texas State Pension Board (PRB) select an independent actuary who the DPFP Board shall hire to perform an actuarial analysis of the Pension System. In 2023, in accordance with this requirement, an independent actuary began work on the analysis, which was required to include 1) a conclusion regarding whether the pension system meets pension funding requirements under Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or city contribution rates. This work was completed and the Board accepted the independent actuary's report and subsequently adopted, by rule, a plan (2.025 Plan) that 1) complies with the funding and amortization period requirements applicable to the pension system under Subchapter C, Chapter 802 of the Texas Government Code and 2) took into consideration the recommendations of the independent actuary. The funding requirements for City contributions changed as a result of the required review process and plan adoption.

The January 1, 2025 actuarial valuation report includes the 2.025 Plan changes adopted by the Board.

The Unfunded Actuarial Accrued Liability (UAAL) of the Combined Pension Plan as of January 1, 2025 was \$4 billion, an increase of approximately \$100 million from the previous year's UAAL of \$3.9 billion. The January 1, 2025 funding ratio based on the actuarial value of assets for the Combined Pension Plan was 32.2%, an increase from the prior year's funded ratio of 32%. The amortization period for the Combined Pension Plan is a closed 30-year period, established as of January 1, 2023. For valuation dates beginning from January 1, 2024 through January 1, 2033, changes in the UAAL will be amortized over the remaining period of the 2023 bases. For valuation dates beginning January 1, 2033, changes in the UAAL will be amortized over 20-year periods. As of January 1, 2025, there are 28 years remaining on this schedule. The current funding method is intended to result in predictable contributions that eliminate the UAAL within 28 years, thereby providing benefit security to plan participants while balancing the needs of current and future contributors to the Combined Pension Plan.

The January 1, 2023 valuation results were restated to reflect the 2.025 Plan changes and included resetting the actuarial value of assets to the market value of assets as of January 1, 2023, recalculating the Actuarially Determined Contribution and the inclusion of an immediate partial COLA as of January 1, 2024, that is assumed to be effective October 1, 2025. Resetting the actuarial value of assets immediately recognized \$246.8 million in market value losses in the Combined Pension Plan.

The January 1, 2025 actuarial funding ratio for the Supplemental Plan was 47% and the UAAL was \$25.8 million, compared to a 40.8% funded ratio and \$28.7 million UAAL in 2024. The amortization period for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains and losses are amortized over separate, closed 10-year periods. The City's contribution to the Supplemental Plan is the Actuarially Determined Contribution (ADC) plus payments to the Excess Benefits Plan and Trust related to the Supplemental Plan. The increase in funded percentage and decrease in unfunded liability is due to investment gains and assumption changes offset by a loss from sources other than investments. The small size of the Supplemental Plan makes it more susceptible to fluctuations than a typical defined benefit plan.

Additional information on the funding status, actuarial assumptions, asset values and contributions can be found in the MD&A, notes to the combining financial statements, Required Supplementary Information, and the Actuarial and Investment sections.

2024 Financial Results

The Plans' net position increased by \$80 million in 2024. Investment gains were partially offset by the outflow of benefit payments exceeding contributions. Total contributions increased by \$22.7 million or 9.5% in 2024, while benefit payments increased \$4 million or 1.2% when compared to 2023. Other income decreased by \$47.2 million in 2024 because in 2023 the System reached an agreement with a prior vendor and received a financial settlement.

The money-weighted rate of return on investments during 2024 was 8.30% net of fees, compared to a rate of return of 10.15% for 2023. The rate of return is provided by Meketa Investment Group, DPFP's investment consultant for the year ended December 31, 2024. The rate of return calculation was prepared using methodology consistent with standard industry practice and cannot be recalculated from the information provided herein.

Additional information on financial results is provided in the MD&A, Financial and Investment sections. The Investment Consultant's Report in the Investment section provides additional economic information.

Investment Program

The investment program continued to see significant changes in 2024, reducing private asset exposure and increasing public markets exposure during the year. Due to the high current level of exposure to illiquid private assets, there is a variance between the current allocation and the new targets in several asset classes. Key challenges for the investment portfolio continued to be an overallocation to private assets and the high level of cash outflows required for benefit payments.

Over the course of the year, the size of the investment portfolio increased by approximately \$78 million to \$2.02 billion in investment assets. The portfolio returned a time weighted return of 8.30%, net of fees in 2024. DPFP underperformed its benchmarks and peers given its underweight exposure to public equities and the overweight exposure to illiquid investments in real estate and legacy private equity.

The overweight to underperforming or non-performing private assets is an ongoing challenge to achieving the assumed rate of return. It will take several years to reduce the private assets to the levels in the asset allocation and the return on the portfolio is expected to lag during the transition.

The Investment Advisory Committee (IAC) held meetings during 2024 to provide advice to the Board of Trustees to ensure DPFP investments are prudently managed and give advice regarding the search and selection process for investment managers.

In anticipation of new private market investments commencing in 2025, staff, the private markets consultant (Albourne) and the IAC worked to develop the practices and procedures that would be followed for new private market searches and commitments.

Additional information regarding the investment program is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment section of this report.

Illiquid Real Estate and Private Asset Portfolio

DPFP made progress towards reducing the over allocation to private assets with the continued liquidation of these assets in 2024. Distributions from the private asset portfolio were \$80 million in 2024. Capital calls during 2024 were \$250 thousand. On December 31, 2024, private asset investments still comprised approximately 22% of the portfolio.

Additional information regarding the investment program is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment section of this report.

Litigation

The challenges faced by DPFP involved extensive litigation matters related to plan amendments and other matters. In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff has appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The Plaintiff has filed a petition for review with the Texas Supreme Court.

In August 2024, DPFP filed a declaratory judgement in district court in Travis County against the City of Dallas seeking an interpretation of Section 2.025 and Section 802 of the Texas Government Code. The district court ruled in favor of DPFP. The City has appealed this ruling.

Additional information on ongoing litigation is available in MD&A and Notes 1, 9 and 12 of the financial statements in the Financial section of this report.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DPFP for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. This was the ninth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Public Pension Standards Award for Administration

The Public Pension Coordinating Council (PPCC) gave the 2024 Public Pension Standards Award for Administration to DPFP in recognition of meeting professional standards for plan administration as set forth in the Public Pension Standards.

Acknowledgements

The compilation of this report reflects the combined effort of the staff under the leadership of the Board of Trustees. Specifically, I would like to acknowledge Brenda Barnes, Bill Scoggins, Larissa Branford, Milissa Romero, John Holt, Ryan Wagner, Kyle Schmit and Luis Solorzano Trejo for their work on the ACFR and the annual financial audit. I would like to express my gratitude to the Trustees, staff, advisors and others who have worked so diligently to ensure the successful operation of DPFP.

Respectfully submitted,



Kelly Gottschalk, Executive Director

Board of Trustees

Article 6243a-1 of the Texas Statutes governs the makeup and responsibilities of the Board. The Board is responsible for the administration of DPFP and investment of the assets of the Combined Pension Plan and Supplemental Police and Fire Pension Plan of the City of Dallas.

The Board consists of eleven Trustees who are selected as follows:

- Six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council;
- One current or former police officer Trustee, elected by active members;
- One current or former firefighter Trustee, elected by active members; and
- Three Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director serves as the chair of the committee and is a nonvoting member.

To be appointed or elected, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

The Board serves without compensation and meets not less than once each month. Six Trustees of the Board constitute a quorum at any meeting. Six affirmative votes are required to pass a motion regardless of the number of Trustees in attendance at a meeting. Some actions, specifically identified in Article 6243a-1, require a vote of at least eight Trustees.

Board of Trustees



Nicholas A. Merrick
Chairman ⁽²⁾
Mayoral Appointee
Term Expired 8/2023 ⁽¹⁾



Tina Hernandez Patterson
Vice Chairman ⁽²⁾
Mayoral Appointee
Term Expired 12/2024 ⁽¹⁾



Michael Taglienti
Deputy Vice Chairman ⁽²⁾
Police Trustee
Term Expires 8/2026



Michael Brown
Mayoral Appointee
Term Expired 8/2025 ⁽¹⁾



Steve Idoux
Mayoral Appointee
Term Expired 8/2024 ⁽¹⁾



Mark Malveaux
Mayoral Appointee
Term Expired 8/2024 ⁽¹⁾
Resigned 12/2024



Nancy Rocha
Non-member Trustee
Term Expired 8/2025
Resigned 4/2025



Anthony Scavuzzo
Non-member Trustee
Term Expires 8/2028



Matthew Shomer
Fire Trustee
Term Expires 8/2026



Marcus Smith
Non-member Trustee
Term Expired 8/2025



Tom Tull
Mayoral Appointee ⁽²⁾
Term Expires 8/2026

(1) Board composition reflects Trustees as of December 31, 2024. See Trustee Updates on the following page.

(2) Board Officer positions as of December 31, 2024. See Board Officer positions updates on the following page.

Trustee Updates

March 2025



David Kelly
Mayoral Appointee
Term Began 3/2025
Term Expires 3/2028



Robert Walters
Mayoral Appointee
Term Began 3/2025
Term Expires 3/2028

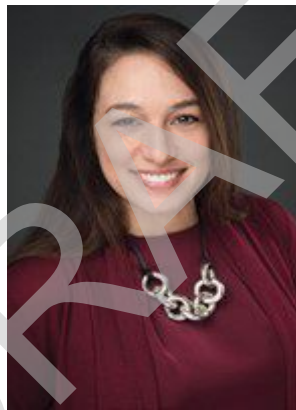


Joe Colonna
Mayoral Appointee
Term Began 3/2025
Term Expires 3/2028

September 2025



Yvette Duenas
Non-member Trustee
Term Began 9/2025
Term Expires 8/2028



Tina Hernandez Patterson
Deputy Vice Chairman
Non-member Trustee
Term Began 9/2025
Term Expires 8/2028



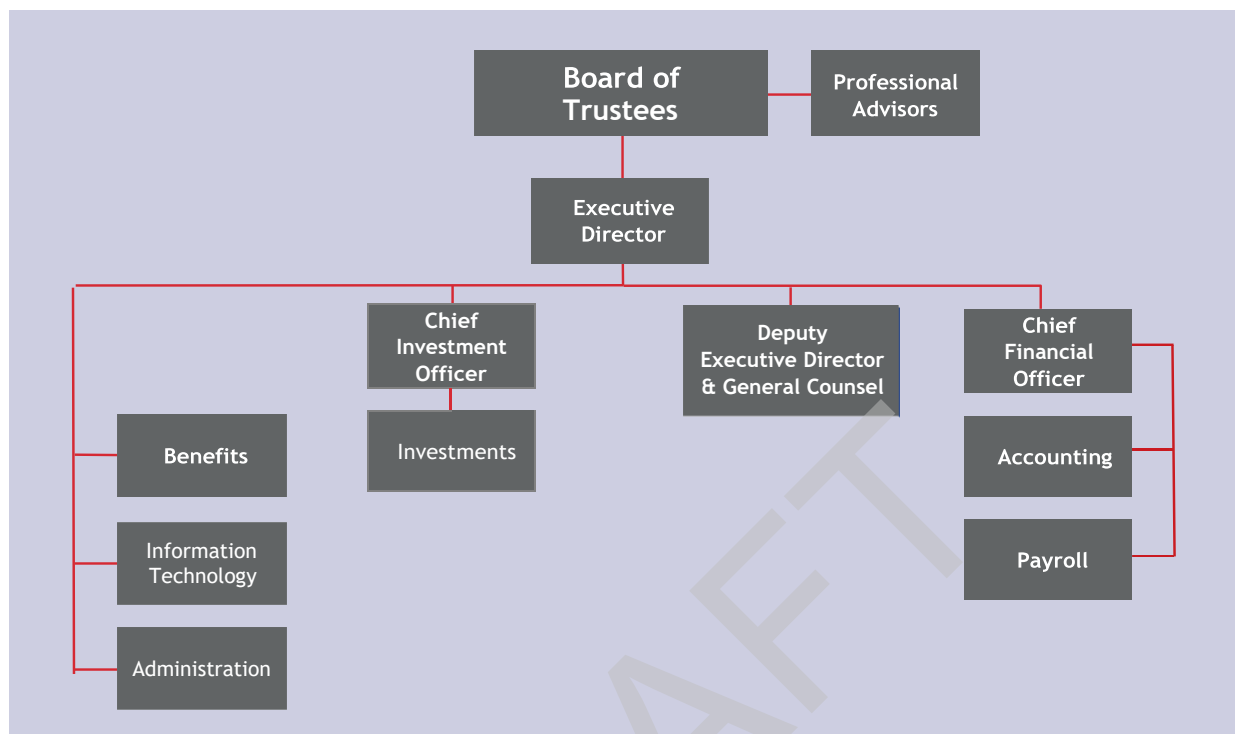
Scott Letier
Mayoral Appointee
Term Began 9/2025
Term Expires 8/2028

The terms of Mayoral Trustees Nicholas A. Merrick (August 2023), Tina Hernandez Patterson (December 2024), and Steve Idoux and Mark Malveaux (August 2024) expired. All continued to serve as holdover trustees until Mark Malveaux's resignation in December 2024 and the Mayor of Dallas appointed successors for Nicholas A. Merrick and Tina Hernandez Patterson in March 2025. Steve Idoux continues to serve as a holdover trustee pending a new mayoral appointment.

In March 2025, the Mayor of Dallas appointed David Kelly, Robert Walters, and Joe Colonna to serve three-year terms as Trustees. A general election for the Non-Member Trustee positions was held in June 2025, resulting in the election of Yvette Duenas, Tina Hernandez Patterson, and Anthony Scavuzzo, each to serve three-year terms beginning September 1, 2025. The Mayor of Dallas also appointed Scott Letier to a three-year term beginning September 1, 2025.

Michael Taglienti served as Interim Chairman from March 2025 until the Board elected him Chairman and Tom Tull Vice Chairman at the June 2025 Board meeting. Subsequently, at the October 2025 meeting, Tina Hernandez Patterson was elected Deputy Vice Chairman.

Administrative Organization



Professional Advisors as of December 31, 2024

Actuary
Segal Consulting

Auditor
BDO USA, LLP

Custodian Bank
JPMorgan Chase Bank, N.A.

Investment Accounting Firm
STP Investment Services, LLC

Investment Consultant
Meketa Investment Group
Albourne America LLC

Investment Managers
(See page 97)

Legislative Consultants
HillCo Partners, LLC

Fiduciary Counsel
Jackson Walker, LLP

Executive Staff as of December 31, 2024

Executive Director
Kelly Gottschalk

**Deputy Executive Director
& General Counsel**
Joshua Mond

Chief Financial Officer
Brenda Barnes, CPA

Chief Investment Officer
Ryan Wagner

Note: A schedule of investment management fees is provided in the Investment section of this report on page 95 - 96.

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2 0 FINANCIAL 0 INFORMATION

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Dallas, Texas 75201

To the Board of Trustees
Dallas Police and Fire Pension System
Dallas, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, as of and for the years ended December 31, 2024 and 2023, and the related notes to the combining financial statements, which collectively comprise the DPFP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2024 and 2023, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DPFP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BDO USA refers to BDO USA, P.C., a Virginia professional corporation, also doing business in certain jurisdictions with an alternative identifying abbreviation, such as Corp or P.S.C.
BDO USA, P.C. is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.
BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPFP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise DPFP's basic financial statements. The accompanying supplementary schedule of Administrative, Investment and Professional Services Expenses for the year ended December 31, 2024 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of DPFP management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of Administrative, Investment and Professional Services Expenses for the year ended December 31, 2024 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November __, 2025 on our consideration of DPFP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control over financial reporting and compliance.

Dallas, Texas
November __, 2025



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, which comprise the combining statement of fiduciary net position as of December 31, 2024, and the related combining statement of changes in fiduciary net position for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated November __, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of DPFP's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dallas Police and Fire Pension System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
November __, 2025

Management's Discussion and Analysis

(Unaudited)

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2024 and 2023. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position (Assets - Liabilities = Net Position) represents the value of the assets held in trust for pension benefits, net of liabilities owed as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year (Additions - Deductions = Net Change in Net Position). If the change in net position increased, additions were more than deductions. If the change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2024	2023	2022
Assets			
Investments, at fair value	\$ 1,939,829	\$ 1,875,833	\$ 1,730,354
Receivables	17,807	15,349	11,951
Cash and cash equivalents	72,317	62,346	75,286
Prepaid expenses	602	561	403
Capital assets, net	11,480	11,456	11,606
Total assets	2,042,035	1,965,545	1,829,600
Liabilities			
Securities purchased	116	4,476	1,139
Accounts payable and accrued liabilities	5,203	4,307	5,253
Total liabilities	5,319	8,783	6,392
Deferred Inflow of Resources	2,439	2,138	-
Net position restricted for pension benefits	\$ 2,034,277	\$ 1,954,624	\$ 1,823,208

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2024 was 8.30% compared to a rate of return of 10.15% for 2023 and -2.77% for 2022. Meketa Investment Group, Inc., DPFP's general investment consultant at December 31, 2024, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private equity, private debt, and real assets investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

The Plans' net position increased by \$80 million in 2024 and by \$131 million in 2023. While benefit payments continue to exceed contribution payments, the shortfall was offset by investment gains.

The increase in receivables in 2024 is primarily the result of the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions, and the implementation of another lease covered under GASB 87, *Leases*, which requires the recognition of a lease receivable and deferred inflow of resources. See Note 11 for additional information on leases.

The cash balance increased in 2024 due to the timing of rebalancing transactions, distributions, and were partially offset by benefits payments exceeding contributions during the year.

DALLAS POLICE & FIRE PENSION SYSTEM

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2024	2023	2022
Additions			
Contributions			
City	\$ 192,890	\$ 175,626	\$ 172,719
Members	68,215	62,789	59,962
Total contributions	261,105	238,415	232,681
Net income(loss) from investing activities	175,759	197,575	(245,390)
Other income	517	47,748	2,318
Total additions	437,381	483,738	(10,391)
Deductions			
Benefits paid to members	344,975	340,976	332,031
Refunds to members	5,260	5,310	4,450
Professional and administrative expenses	7,493	6,036	6,421
Total deductions	357,728	352,322	342,902
Net increase (decrease) in net position	79,653	131,416	(353,293)
Net position restricted for pension benefits			
Beginning of period	1,954,624	1,823,208	2,176,501
End of period	\$ 2,034,277	\$ 1,954,624	\$ 1,823,208

City contributions to the Plans increased by \$17.3 million or 9.8% in 2024 and increased by \$2.9 million or 1.7% in 2023 due to increased salaries, the number of employees and changes in the funding methodology. See Funding Overview in the MD&A and Note 1 for additional information on the changes in the funding methodology.

The 2024 City Contribution rates for the Combined Pension Plan were 34.5% of Computation pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$11.5 million through September 30, 2024. Beginning October 1, 2024 through September 30, 2025, the end of the City's fiscal year, the City paid contributions of 6.78% of Computation pay, plus a fixed dollar payment of \$168.7 million prorated by pay period. From October 1, 2024 to December 31, 2024, the City paid contributions of \$48.8 million. Computation Pay is defined as base pay, education incentive pay and longevity pay. The 34.5% of Computation Pay exceeded the floor for all pay periods through September 30, 2024.

Prior to October 1, 2024, the City contribution rates for the Combined Pension Plan were established by Vernon's Revised Civil Statutes, Section 4.02 of Article 6243a-1. Beginning October 1, 2024, the funding policy changed and is the subject of ongoing litigation. See Note 1 for additional information on City contribution rates.

The 2023 City Contribution rates for the Combined Pension Plan were statutorily defined. City contributions for the Combined Pension Plan were 34.5% of Computation Pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$13 million in 2023. The 34.5% of Computation Pay was greater than the floor for all pay periods in 2023.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. City contributions to the Supplemental Plan in 2024 increased by \$591 thousand over 2023 contributions.

The 2024 and 2023 Contribution rates for members were statutorily defined for the Plans. Contributions for all active members (including members in DROP) were 13.5% of Computation Pay.

Member contributions for the Plans increased by \$5.4 million or 8.6% in 2024 and by \$2.8 million or 4.7% in 2023 due to increased salaries and the number of employees.

Other income decreased by \$47.2 million in 2024 because in 2023 the System reached an agreement with a prior vendor and received a financial settlement.

Net investment income/(loss) is presented net of investment expenses and is comprised of interest, dividend income, gains/(losses) from the sale of investments and net unrealized appreciation (depreciation) in the fair value of investments. Net investment gain in 2024 and 2023 was driven primarily by the increase in the public markets.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Statutes. The chart on the next page compares the components of distributions paid to members for the years ended December 31, 2024, 2023, and 2022.

Distributions Paid to Members Twelve Months Ended December 31



Total benefits paid in 2024 increased \$4 million or 1.2% over 2023. Monthly benefit payments increased \$3.2 million or 1.2% due to additional retirees and beneficiaries receiving monthly benefits in 2024. Distributions from DROP balances in 2024 totaled \$66.5 million, paid as DROP annuity payments, up \$837 thousand from 2023. See Note 6 for additional information on DROP.

Refund expense decreased \$50 thousand in 2024 and increased \$860 thousand in 2023.

The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$1.5 million in 2024. Increases in actuarial expenses, non-investment legal expenses and salaries and benefits were partially offset by decreases in risk insurance expense and legislative consultants. The cost of administering the Plans, including administrative costs and professional fees, decreased approximately \$385 thousand in 2023. Decreases in non-investment legal expenses and risk insurance along with an increase in legal reimbursements received were partially offset by increases in actuarial services, information technology expenses and salaries and benefits.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. City and member contributions and member benefits and refunds paid are specific to either the Combined Pension Plan or the Supplemental Plan and are charged directly as a reduction of such plan's net position.

Funding Overview

DPFP's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The January 1, 2025 actuarial valuation reported a funded ratio of 32.2%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability (UAAL) of \$4.0 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The January 1, 2024 actuarial valuation reported a funded ratio of 32%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability of \$3.9 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The January 1, 2023 revised funded ratio was 34.4%, compared to 39.1% before restatement, based on the actuarial value of assets. The revised Unfunded Actuarial Accrued Liability was \$3.4 billion, compared to \$3.2 billion before restatement, and the expected fully funded date remained unchanged at 2105 for the Combined Pension Plan. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

HB 3158 was passed by the legislature and signed by the Governor on May 31, 2017. This legislation significantly amended Article 6243a-1 of the Texas Statutes. Included in HB 3158 was Section 2.025 that required during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) to perform an analysis that included the independent actuary's 1) conclusion regarding whether the Pension System meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or city contribution rates.

Additionally, Section 2.025 of the Statute required the Board to adopt a plan, by rule, (2.025 Plan) in 2024 to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. The funding policy for City contributions changed as a result of the required review process and plan adoption.

For the Combined Pension Plan, the 2.025 Plan set the funding policy used to calculate the ADC based on a closed amortization period of 30 years, established as of January 1, 2023. For valuation dates from January 1, 2024 through January 1, 2033, changes in the UAAL will be amortized over the remaining period of the 2023 bases. For valuation dates beginning January 1, 2033, changes in the UAAL will be amortized over 20-year periods. As of January 1, 2025, there are 28 years remaining on this schedule. The current funding method is intended to result in predictable contributions that eliminate the UAAL within 28 years, thereby providing benefit security to plan participants while balancing the needs of current and future contributors to the plan.

The 2.025 Plan requires the City to pay contributions based on an Actuarially Determined Contribution. Beginning with the January 1, 2024 valuation, the ADC is reported based on the City's fiscal year for contributions beginning the year after the valuation date. As of January 1, 2024, for the Combined Pension Plan, the ADC was \$262 million or 53.5% of Computation Pay and will be payable beginning October 1, 2025. As of January 1, 2025, for the Combined Plan, the ADC was \$304.6 million or 52.7% of Computation Pay and will be payable beginning October 1, 2026. The 2.025 Plan ADC contribution funding policy was effective October 1, 2024 and the City has not made the contributions based on the adopted Plan. It is expected, based upon an agreement between the City and DPFP entered into in connection with the plan litigation, that the City will make contributions based on a resolution adopted by the City Council on September 11, 2024, for the duration of the plan litigation. See Note 9 Commitments and Contingencies, Legal, for additional information on this litigation.

The January 1, 2023 valuation results were revised to reflect the 2.025 Plan and included resetting the actuarial value of assets to the market value of assets as of January 1, 2023 and recalculating the Actuarially Determined Contribution (ADC) in the Combined Pension Plan. Resetting the actuarial value of assets to the market value of assets immediately recognized \$246.8 million of market value losses. The inclusion of an immediate partial COLA, which was first reflected as of January 1, 2024 and assumed to be effective October 1, 2025. However, in October 2025, the immediate partial COLA was not paid in compliance with a court order. See Note 12 for additional information on Legal Subsequent Events.

The January 1, 2025 actuarial valuation for the Supplemental Plan reports a funded ratio of 47% and an unfunded actuarial accrued liability of \$25.8 million compared to a funded ratio of 40.8% and an Unfunded Actuarial Accrued Liability of \$28.7 million as reported in the January 1, 2024 actuarial valuation. The increase in funded percentage and decrease in unfunded liability is due to investment gains and assumption changes offset by a loss from sources other than investments. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. The City's contributions for the Supplemental Plan are based on the ADC as determined by the actuary.

The Board's funding policy for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains or losses each year are amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the Fiduciary Net Position (FNP). GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate. The GASB No. 67 for the Combined Plan for December 31, 2024 reports a NPL of \$3.9 billion, which is an increase of \$500 million from the revised NPL reported for December 31, 2023 of \$3.4 billion. The addition of the immediate partial COLA accounted for \$417 million of the \$500 million increase. The Fiduciary Net Position as a Percentage of Total Pension Liabilities for the Combined Pension Plan was 34.2% at December 31, 2024 compared to 36.5% from the revised December 31, 2023 report. The December 31, 2023 NPL was revised subsequent to the publication of the January 1, 2024 actuarial valuation report.

The Supplemental Plan had a NPL of \$25.8 and \$25.5 million at December 31, 2024 and 2023, respectively. The Supplemental Plan had a FNP of 47% and 43.8% at December 31, 2024 and 2023, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

Contacting DPFP's Financial Management

This financial report is designed to provide members and other users with a general overview of DPFP's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

DECEMBER 31,	2024			2023		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	\$ 27,630,911	\$ 315,307	\$ 27,946,218	\$ 16,809,984	\$ 172,577	\$ 16,982,561
Fixed income securities	401,780,308	4,584,868	406,365,176	362,092,006	3,717,369	365,809,375
Equity securities	1,055,766,008	12,047,747	1,067,813,755	985,512,002	10,117,626	995,629,628
Real assets	247,322,377	2,822,290	250,144,667	275,723,992	2,830,683	278,554,675
Private equity	185,443,416	2,116,165	187,559,581	216,632,700	2,224,030	218,856,730
Forward currency contracts	(49)	(1)	(50)	-	-	-
Total investments	1,917,942,971	21,886,376	1,939,829,347	1,856,770,684	19,062,285	1,875,832,969
Receivables						
City	7,787,490	-	7,787,490	5,728,687	-	5,728,687
Members	2,625,157	10,055	2,635,212	2,073,930	9,382	2,083,312
Interest and dividends	4,495,688	51,302	4,546,990	4,621,058	47,441	4,668,499
Investment sales proceeds	60,047	685	60,732	1,943	20	1,963
Lease receivable	2,721,879	31,060	2,752,939	2,246,460	23,063	2,269,523
Other receivables	23,461	268	23,729	590,516	6,062	596,578
Total receivables	17,713,722	93,370	17,807,092	15,262,594	85,968	15,348,562
Cash and cash equivalents	71,500,901	815,924	72,316,825	61,712,765	633,566	62,346,331
Prepaid expenses	595,422	6,795	602,217	555,759	5,706	561,465
Capital assets, net	11,350,562	129,526	11,480,088	11,339,331	116,414	11,455,745
Total assets	2,019,103,578	22,931,991	2,042,035,569	1,945,641,133	19,903,939	1,965,545,072
Liabilities						
Other Payables						
Securities purchased	115,026	1,313	116,339	4,430,810	45,488	4,476,298
Accounts payable and other accrued liabilities	5,154,700	48,595	5,203,295	4,277,517	28,896	4,306,413
Total liabilities	5,269,726	49,908	5,319,634	8,708,327	74,384	8,782,711
Deferred inflow of resources	2,411,479	27,518	2,438,997	2,116,246	21,726	2,137,972
Net position restricted for pension benefits	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938	\$ 1,934,816,560	\$ 19,807,829	\$ 1,954,624,389

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2024			2023		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Additions (Reductions)						
Contributions						
City	\$ 188,633,391	\$ 4,256,587	\$ 192,889,978	\$ 171,960,839	\$ 3,665,783	\$ 175,626,622
Members	67,919,867	295,055	68,214,922	62,510,063	278,622	62,788,685
Total contributions	256,553,258	4,551,642	261,104,900	234,470,902	3,944,405	238,415,307
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	156,354,599	1,675,792	158,030,391	180,060,356	1,577,820	181,638,176
Interest and dividends	25,003,075	285,319	25,288,394	22,238,000	228,303	22,466,303
Total gross investment income	181,357,674	1,961,111	183,318,785	202,298,356	1,806,123	204,104,479
Less: Investment expense	(7,474,450)	(85,294)	(7,559,744)	(6,463,286)	(66,354)	(6,529,640)
Net investment income (loss)	173,883,224	1,875,817	175,759,041	195,835,070	1,739,769	197,574,839
Other income	511,667	5,839	517,506	47,263,208	485,221	47,748,429
Total additions	430,948,149	6,433,298	437,381,447	477,569,180	6,169,395	483,738,575
Deductions						
Benefits paid to members	341,808,845	3,166,479	344,975,324	338,035,629	2,940,634	340,976,263
Refunds to members	5,124,597	135,537	5,260,134	5,310,084	-	5,310,084
Professional and administrative expenses	7,408,894	84,546	7,493,440	5,974,248	61,334	6,035,582
Total deductions	354,342,336	3,386,562	357,728,898	349,319,961	3,001,968	352,321,929
Net increase/(decrease) in fiduciary net position	76,605,813	3,046,736	79,652,549	128,249,219	3,167,427	131,416,646
Net position restricted for pension benefits						
Beginning of period	1,934,816,560	19,807,829	1,954,624,389	1,806,567,341	16,640,402	1,823,207,743
End of period	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938	\$ 1,934,816,560	\$ 19,807,829	\$ 1,954,624,389

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed blended component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms “police officers” and “firefighters” also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP’s Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2024 and 2023, the Combined Pension Plan’s membership consisted of:

	2024	2023
Retirees and beneficiaries	5,242	5,231
Beneficiaries, DROP Only	203	141
Non-active vested members not yet receiving benefits	240	254
Non-active non-vested members not yet refunded	234	326
Total non-active members	5,919	5,952
Vested active members	3,976	3,854
Non-vested active members	1,380	1,277
Total active members	5,356	5,131

DALLAS POLICE & FIRE PENSION SYSTEM

As of December 31, 2024 and 2023, the Supplemental Plan's membership consisted of:

	2024	2023
Retirees and beneficiaries	159	152
Beneficiaries, DROP Only	3	3
Non-active vested members not yet receiving benefits	-	1
Non-active non-vested members not yet refunded	-	-
Total non-active members	162	156
Vested active members	57	55
Non-vested active members	-	1
Total active members	57	56

The benefit, contribution and administration plan provisions discussed below are as of December 31, 2024 and 2023.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2024 and 2023:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP. Members are eligible for an ad hoc cost of living increase after the Combined Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return of the pension system for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent. An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the CPI-U All Items in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2024 and 2023:

- Members who began membership before March 1, 2011, who have 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member had 20 years of pension service as of September 1, 2017.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.
- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.
- All members are eligible for an ad hoc cost of living increase after the Combined Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return of the pension system for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent. Members are eligible for an immediate partial COLA, payable while the Plan is under 70% funded on a market value basis. The immediate partial COLA has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the Consumer Price Index for All Urban Consumers (CPI-U All Items) in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Additional provisions under the Combined Pension Plan as of December 31, 2024 and 2023 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of \$75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.

- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of \$2,200 per month.
- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.
- Members who began membership after February 28, 2011, are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service-connected disability benefits are subject to a minimum benefit of \$110 for every year of pension service. The minimum benefit cannot exceed \$2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service.
- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and, for members who joined DROP prior to September 1, 2017, interest accrued prior to September 1, 2017. DROP balances of retired members and certain other non-member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of Article 6243a-1 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP balance and the present values of the annuitized balances for the Combined Pension Plan was \$869.3 million and \$902.7 million at December 31, 2024 and 2023, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- A minimum benefit is paid to vested retired members of \$2,200 per month subject to any restrictions and adjustments contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals \$1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is \$1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2024 and 2023 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of Computation Pay. Computation Pay is defined as base pay, determined by the civil service pay schedule, education incentive pay and longevity pay. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits is the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined to determine the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.
- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was \$5.2 million and \$5.7 million on December 31, 2024 and 2023, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.

Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members.

Contributions

Employee contribution rates did not change in 2024. The employee contribution rate is 13.5% of Computation Pay for all active members, including members in the DROP program.

Prior to October 1, 2024, City contributions for the Combined Pension Plan were established by statute. City contributions were 34.5% of Computation Pay, subject to a minimum floor, plus \$13 million.

Section 2.025 of the Texas Statute required that during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) perform an analysis that included the independent actuary's 1) conclusion regarding whether the Pension System meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or city contribution rates.

Additionally, Section 2.025 of the Statute required the Board to adopt a plan, by rule, no later November 1, 2024 and to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board of Trustees of DPFP adopted, by rule, the 2.025 Plan which met all of the requirements of Section 2.025 of the Statute. The funding policy for City contributions changed as a result of the required review process and plan adoption.

Based on the analysis conducted by the independent actuary, the Board adopted the 2.025 Plan which included no change to employee contributions and an actuarially based funding method for City contributions. City contributions will be based on an Actuarially Determined Contribution. The ADC will have a fixed-dollar component set for a 30-year period and will pay the City's share of the normal cost based on actual Computation Pay. The normal cost percentage, amortization of future gains and losses, and the total ADC will change with each actuarial valuation. The fixed-dollar amortization schedule was established by the independent actuary to amortize an amount derived from the January 1, 2023 unfunded actuarial accrued liability.

The ADC for the period October 1, 2024 through September 30, 2025 (City's Fiscal Year 2025) was set at \$215.1 million or \$8.273 million per bi-weekly pay period, based on the independent actuary's analysis. Beginning with the January 1, 2024 valuation, City contributions will be calculated by the ADC set by DPFP's actuary and will be reported based on the City's fiscal year beginning in the year after the valuation date. The January 1, 2024 valuation includes an ADC which will be payable in the City's fiscal year beginning October 1, 2025 (City's Fiscal Year 2026).

In addition to the ADC funding methodology change for City contributions, the 2.025 Plan also included a change to the cost-of-living adjustment (COLA) provisions in the Statute based on the recommendation of the independent actuary that the Plan should provide some immediate COLA earlier than the COLA in the Statute. See the Benefits section in Note 1 for additional information on the COLA.

Section 2.025 is a time-limited section of the Statute that delegates solely to the Board the authority to amend contributions and benefits of the Plan, with consideration of the independent actuary's recommendations. Section 2.025 expired on September 1, 2025.

The City disagreed with the Board's interpretation of Section 2.025 and with the 2.025 Plan adopted by the Board. The City Council adopted a resolution on September 11, 2024 and are paying contributions based on that resolution. Beginning October 1, 2024, the City paid contributions based on a pro-rated bi-weekly amount of \$168.7 million (\$6.487 million per bi-weekly pay period) plus 6.78% of computation pay. The City contributions for future fiscal years are defined in the City resolution.

In August 2024, DPFP filed a declaratory Judgement against the City of Dallas related to the interpretation of Section 2.025 and Section 802 of the Texas Government Code. The district court ruled in favor of DPFP. The City has appealed this decision. It is expected that the City will make contributions based on the resolution they adopted in September 2024 while the litigation is ongoing.

In addition to the time-limited authority under Section 2.025, City contributions can be changed by the Texas Legislature, by a majority vote of the voters of the city in accordance with a written agreement entered into between the City and the Pension System, where at least eight trustees have approved the agreement, provided that the change does not increase the period required to amortize the unfunded accrued liability of the Combined Pension Plan. Decreases in employee contributions require the approval of the Texas Legislature. Increases in employee contributions require the approval of at least a two-thirds vote of all trustees of the Board.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, elected by active members; one current or former firefighter, elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the service, disability and death benefits required under the terms of the governing statutes and amendments thereto.

Basis of Accounting

The economic resources measurement focus basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the basic financial statements. The accrual basis of accounting is used for the Plans. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized in the period in which they are earned, and collection is reasonably assured. Expenses are recognized when liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due, pursuant to Plan requirements and State statute. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final biweekly payroll of the year for the years ended December 31, 2024 and 2023 were not received by DPFP until after year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized based on the systematic and rational allocation of the deferred inflow of resources over the term of the lease. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently blended governed component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third-party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the years ended December 31, 2024 and 2023. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each Plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99% on December 31, 2024 and 2023, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DPFP to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The Investment Policy Statement (IPS) of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DPFP's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2024. The actual asset allocation as of December 31, 2024 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION
Equity	65%
Global Equity	55%
Emerging Markets Equity	5%
Private Equity	5%
Safety Reserve and Fixed Income	25%
Cash	3%
Short-term Investment Grade Bonds	6%
Investment Grade Bonds	4%
High Yield Bonds	4%
Bank Loans	4%
Emerging Markets Debt	4%
Real Assets	10%
Private Real Estate	5%
Private Natural Resources	5%

The value and performance of DPFP's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, bank loans, US corporate bonds, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities, held in separate accounts, is based on published market prices or quotations from major investment dealers as provided by JPMorgan, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. Externally managed partnerships, joint venture and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager, on a continuous basis, values the underlying investment holdings.

Private equity and private credit investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding on December 31, 2024 and 2023 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2024 and 2023, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Leases

DPFP is a lessor for a noncancelable leases of office space and recognizes a lease receivable and a deferred inflow of resources in the System's statements of fiduciary net position.

At the commencement of a lease, DPFP initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how DPFP determines the discount rate and lease term it uses to discount the expected lease receipts to present value. The System uses 6.5% rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments as outlined in the lease agreements.

3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. At December 31, 2024 and 2023, the Board had a custody agreement with JPMorgan under which JPMorgan assumes responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers and reporting investment transactions.

The fair value of investments on December 31, 2024 and 2023 is as follows (in thousands):

	2024	2023
Short-term investments		
Short-term investment funds	\$ 27,946	\$ 16,982
Fixed income securities		
US Treasury bonds	53,095	48,856
US government agencies	23,674	20,085
Corporate bonds	179,911	162,551
Commingled funds	144,783	129,426
Municipal bonds	4,902	4,891
Equity securities		
Domestic	363,666	328,071
Foreign	161,832	185,696
Commingled funds	542,316	481,863
Real assets		
Real estate	149,183	158,353
Infrastructure	14,087	25,505
Timberland	12,708	14,602
Farmland	74,167	80,095
Private equity		
Private equity	187,559	218,857
Total	\$ 1,939,829	\$ 1,875,833

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depositary Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to \$250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of an investment counterparty, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. On December 31, 2024 and 2023, all investment securities held by the custodian were registered in the name of DPFP and were held by JPMorgan in the name of DPFP. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issue. The DPFP Investment Policy Statement specifically addresses concentration of credit risk in the public markets by limiting the portfolio to 5% of Public Equity or Public Fixed Income assets invested in a single issuer, except for holdings for US Government and agency securities.

As of December 31, 2024 and 2023, the Group Trust did not have any single investment in a Public Equity or Public Fixed Income issuer which represented greater than 5% of the Plans' net position.

Concentrations of credit risk on the private markets are addressed in the DPFP Investment Policy in the following ways:

- Prohibiting investments to any direct private market investment that is tied to a single company.
- Limiting the portfolio to a 10% investment in a single fund of private market assets.
- Limiting the portfolio to 2% of the total market value of the entire DPFP investment portfolio in a single private market fund.
- Limiting the portfolio to 5% of the total market value of the DPFP investment portfolio in related private market funds.

As of December 31, 2024 and 2023, the Group Trust had investments in Private Market assets purchased prior to the implementation of this policy that represented greater than 5% of the Plans' net position.

Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is one of the greatest risks faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's IPS.

On December 31, 2024, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 40,118	\$ 6,208	\$ 6,769	\$ 53,095
US Government agencies	-	1,622	3,107	18,945	23,674
Corporate bonds	1,093	115,242	24,689	38,887	179,911
Municipal bonds	497	1,644	346	2,415	4,902
Total	\$ 1,590	\$ 158,626	\$ 34,350	\$ 67,016	\$ 261,582

On December 31, 2023, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 38,763	\$ 4,588	\$ 5,505	\$ 48,856
US Government agencies	-	1,549	2,523	16,013	20,085
Corporate bonds	4,564	109,780	22,625	25,582	162,551
Municipal bonds	280	1,374	581	2,656	4,891
Total	\$ 4,844	\$ 151,466	\$ 30,317	\$ 49,756	\$ 236,383

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds range from 0.4 to 5.1 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at each balance sheet date. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPFP does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2024, is as follows (in thousands):

CURRENCY	EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	1,883	\$	584	\$ 2,467
Brazilian Real		-		2,207	2,207
British Pound Sterling		39,389		-	39,389
Canadian Dollar		4,963		-	4,963
Danish Krone		6,707		-	6,707
Euro		59,435		-	59,435
Hong Kong Dollar		3,909		-	3,909
Japanese Yen		24,740		-	24,740
Singaporean Dollar		1,835		-	1,835
South African Rand		-		11,311	11,311
South Korean Won		5,759		-	5,759
Swedish Krona		5,078		-	5,078
Swiss Franc		5,707		-	5,707
Taiwanese Dollar		2,427		-	2,427
Total	\$	161,832	\$	14,102	\$ 175,934

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2023, is as follows (in thousands):

CURRENCY	EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	2,112	\$	399	\$ 2,511
Brazilian Real		-		3,422	3,422
British Pound Sterling		36,425		-	36,425
Canadian Dollar		6,715		-	6,715
Danish Krone		9,732		-	9,732
Euro		80,209		-	80,209
Hong Kong Dollar		1,833		-	1,833
Japanese Yen		29,286		-	29,286
Singaporean Dollar		1,275		-	1,275
South African Rand		-		12,148	12,148
South Korean Won		5,625		-	5,625
Swedish Krona		7,882		-	7,882
Swiss Franc		4,602		-	4,602
Total	\$	185,696	\$	15,969	\$ 201,665

In addition to the above exposures, certain fund-structure investments in the public equity, emerging markets debt, private debt and real assets asset classes with a total fair value of \$621.1 million on December 31, 2024 and \$572.4 million on December 31, 2023, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

Credit Risk

Credit risk refers to the potential for loss arising from a borrower's failure to meet contractual debt obligations in full or on time. It encompasses both the likelihood of default and the potential severity of loss, making it a central consideration in assessing the risk-adjusted return of fixed income and credit-oriented investments. DPFP does not have an investment policy specific to credit risk, however investment managers maintain guidelines and independently consider the inherent credit risk of investments.

The Group Trust's exposure to credit risk in fixed income securities as of December 31, 2024 and 2023 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2024

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 22,195	\$ 145	\$ 749	\$ 23,089
AA+	729	295	53,583	54,607
AA	1,054	823	91	1,968
AA-	4,199	1,070	-	5,269
A+	6,145	1,754	-	7,899
A	8,323	-	-	8,323
A-	13,685	735	-	14,420
BBB+	13,759	-	-	13,759
BBB	15,121	-	-	15,121
BBB-	10,600	-	-	10,600
BB+	5,507	-	-	5,507
BB	13,505	-	-	13,505
BB-	9,136	-	-	9,136
B+	8,847	-	-	8,847
B	6,338	-	-	6,338
B-	6,176	-	-	6,176
CCC+	4,943	-	-	4,943
CCC	2,059	-	-	2,059
CCC-	-	-	-	-
CC	1,565	-	-	1,565
C	-	-	-	-
D	12	-	-	12
NR ⁽¹⁾	26,013	80	22,346	48,439
Total	\$ 179,911	\$ 4,902	\$ 76,769	\$ 261,582

Total credit risk debt securities	\$ 261,582
Commingled (NR)	144,783
Total	\$ 406,365

(1) NR represents those securities that are not rated.

DECEMBER 31, 2023

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 20,796	\$ 200	\$ 838	\$ 21,834
AA+	2,171	413	49,538	52,122
AA	1,589	547	110	2,246
AA-	4,563	1,432	-	5,995
A+	5,884	1,755	-	7,639
A	7,422	280	-	7,702
A-	13,497	153	-	13,650
BBB+	11,926	-	-	11,926
BBB	10,587	-	-	10,587
BBB-	6,120	-	-	6,120
BB+	7,720	-	-	7,720
BB	7,271	-	-	7,271
BB-	9,363	-	-	9,363
B+	10,631	-	-	10,631
B	8,679	-	-	8,679
B-	6,166	-	-	6,166
CCC+	2,785	-	-	2,785
CCC	2,639	-	-	2,639
CCC-	1,845	-	-	1,845
CC	530	-	-	530
C	146	-	-	146
D	10	-	-	10
NR ⁽¹⁾	20,211	111	18,455	38,777
Total	\$ 162,551	\$ 4,891	\$ 68,941	\$ 236,383
Total credit risk debt securities				\$ 236,383
Commingled (NR)				129,426
Total				\$ 365,809

(1) NR represents those securities that are not rated.

Forward Contracts

During fiscal years 2024 and 2023, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over the counter. These transactions are initiated to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

DALLAS POLICE & FIRE PENSION SYSTEM

The fair value and notional amounts of derivative instruments outstanding on December 31, 2024 and 2023, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2024

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

DECEMBER 31, 2023

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ 1	\$ -	\$ -

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4. Fair Value Measurement

GASB Statement No. 72 requires all investments to be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 - quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 - inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs
- Level 3 - significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

DALLAS POLICE & FIRE PENSION SYSTEM

The following table presents a summary of the Group Trust's investments by type as of December 31, 2024, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2024	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 27,946	\$ 27,946	\$ -	\$ -
Fixed income securities				
US Treasury bonds	53,095	-	53,095	-
US government agencies	23,674	-	23,674	-
Corporate bonds	179,911	-	179,911	-
Municipal bonds	4,902	-	4,902	-
Equity securities				
Domestic	363,666	363,666	-	-
Foreign	161,832	161,832	-	-
Real assets				
Real estate ⁽¹⁾	51,558	-	-	51,558
Farmland	74,167	-	-	74,167
Private equity				
Private equity	49,240	-	-	49,240
Total Investments by Fair Value Level	\$ 989,991	\$ 553,444	\$ 261,582	\$ 174,965
Investments Measured at NAV				
Equity - commingled funds	\$ 542,316			
Fixed income - commingled funds	144,783			
Real assets ⁽¹⁾	124,420			
Private equity	138,319			
Total Investments Measured at NAV	\$ 949,838			
Total Investments Measured at Fair Value	\$ 1,939,829			

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2023, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2023	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 16,982	\$ 16,982	\$ -	\$ -
Fixed income securities				
US Treasury bonds	48,856	-	48,856	-
US government agencies	20,085	-	20,085	-
Corporate bonds	162,551	-	162,551	-
Municipal bonds	4,891	-	4,891	-
Equity securities				
Domestic	328,071	328,071	-	-
Foreign	185,696	185,696	-	-
Real assets				
Real estate ⁽¹⁾	60,374	-	-	60,374
Farmland	80,095	-	-	80,095
Private Equity				
Private equity ⁽²⁾	18,974	-	-	18,974
Total Investments by Fair Value Level	\$ 926,575	\$ 530,749	\$ 236,383	\$ 159,443

Investments Measured at NAV	
Equity - commingled funds	\$ 481,863
Fixed income - commingled funds	129,426
Real assets ⁽¹⁾	138,086
Private equity ⁽²⁾	199,883
Total Investments Measured at NAV	\$ 949,258

Total Investments Measured at Fair Value	\$ 1,875,833
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(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

(2) A private equity investment has been reclassified to level 3 from the NAV classification.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, bank loans, international debt securities and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DPFP either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments which are wholly owned direct holdings, are valued at the income, cost or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy. Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DPFP's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2024 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 542,316	\$ -
Fixed Income - commingled funds	144,783	514
Real assets	124,420	7,141
Private equity	138,319	450
Total	\$ 949,838	\$ 8,105

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2023 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 481,863	\$ -
Fixed Income - commingled funds	129,426	514
Real assets	138,086	7,141
Private equity	199,883	450
Total	\$ 949,258	\$ 8,105

Investments measured at NAV include commingled funds, real assets and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies. Strategies held within commingled funds include international small cap, emerging markets equity and a passive MSCI ACWI IMI allocation. Liquidity is available within 1 to 15 days of notice.

Fixed income commingled funds have redemption periods of 7 to 30 days. Approximately half of the funds are invested in bank debt instruments of non-investment grade companies, while the other half is invested in debt instruments of emerging markets countries or corporations, denominated in both local currency and USD.

Real asset investments (including investment strategies in commercial real estate, infrastructure and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DPFP commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DPFP fund a portion of this amount. Such amounts remaining as of December 31, 2024 and 2023 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability on December 31, 2024 and 2023 are as follows (in thousands):

Combined Pension Plan	2024	2023
Total pension liability	\$ 5,884,524	\$ 5,307,255
Less: Plan fiduciary net position	(2,011,422)	(1,934,816)
Net pension liability	\$ 3,873,102	\$ 3,372,439

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2024 and 2023 is 34.2% and 36.5%, respectively.

Supplemental Plan	2024	2023
Total pension liability	\$ 48,672	\$ 45,266
Less: Plan fiduciary net position	(22,855)	(19,808)
Net pension liability	\$ 25,817	\$ 25,458

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2024 and 2023 is 47% and 43.8%, respectively.

The 2023 results were revised subsequent to the publication of the January 1, 2024 actuarial valuation report and have been updated for this schedule.

Actuarial Assumptions as of December 31, 2024

The total pension liability was determined by an actuarial valuation as of January 1, 2025, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit increases	Beginning October 1, 2025, 0.85% on original benefit for first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15 and 1.5% thereafter.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters.
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2023

The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	Range of 2.50% to 3.00% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 and 2023 Meet and Confer Agreements.
Payroll growth	2.50% per year, to match inflation assumption
Post-retirement benefit increases	Beginning October 1, 2025, 0.85% on original benefit for first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15 and 1.5% thereafter.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.
Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.

Long Term Expected Rate of Return

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2024 are summarized as shown below. The rates of return below are net of the inflation component of 2.5%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	6.13%	54%
Emerging Markets Equity	7.40%	4%
Private Equity	9.65%	6%
Short-Term Investment Grade Bonds	1.35%	6%
Investment Grade Bonds	1.90%	4%
High Yield Bonds	3.50%	4%
Bank Loans	3.10%	4%
Emerging Markets Debt	3.60%	3%
Private Credit	6.10%	4%
Real Estate	3.50%	5%
Natural Resources	9.85%	3%
Cash	1.10%	3%

Note: The Target Asset Allocation used in this chart became effective January 1, 2025.

Discount rate

The discount rate used to measure the Combined Pension Plan Total Pension Liability (TPL) was 6.50%. Based on changes adopted by the Board, which include the City's payment of the actuarial determined contribution, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The discount rate used to measure the Total Pension Liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the Net Pension Liability, calculated using the current discount rate, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2024

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,618,536	\$ 3,873,102	\$ 3,255,677
Supplemental Plan			
Net pension liability	\$ 30,894	\$ 25,817	\$ 21,535

DECEMBER 31, 2023

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,533,891	\$ 3,789,771	\$ 3,179,133
Supplemental Plan			
Net pension liability	\$ 34,042	\$ 28,745	\$ 24,310

6. Deferred Retirement Option Plan

Deferred Retirement Option Plan (DROP) interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017, is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member's life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree's expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance. Drop annuities are assignable at the death of holder.

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The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2024:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2023	\$ 89,264	Participants on December 31, 2023	218
Accumulations	9,309		
Balances Annuitized	(19,199)		
Other Distributions/Deductions	(19)		
Adjustments	-		
Balance on December 31, 2024	\$ 79,355	Participants on December 31, 2024	201
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2023 ¹	\$ 813,462	Annuitants on December 31, 2023	2,666
Present Value of Annuities on December 31, 2024 ¹	\$ 789,906	Annuitants on December 31, 2024	2,704

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2023	\$ 132	Participants on December 31, 2022	2
Accumulations			
Balances Annuitized			
Other Distributions/Deductions			
Adjustments			
Balance on December 31, 2024	\$ 132	Participants on December 31, 2023	2
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2023 ¹	\$ 5,552	Annuitants on December 31, 2023	68
Present Value of Annuities on December 31, 2024 ¹	\$ 5,107	Annuitants on December 31, 2024	68

¹ Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DPFP staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with Texas Government Code, Title 8, Subtitle G (TMRS Act) for the benefit of the employees of Texas participating cities. The TMRS plan is a cash-balance retirement plan. DPFP employees become a participant in the TMRS plan on their first day of service. Employees are required to contribute 7% of their total pay, not to exceed IRS Code limitations, and the system contributes an actuarially determined amount to equal a 2:1 match. DPFP contributed approximately \$275 and \$261 thousand for years 2024 and 2023, respectively. Participants contributed approximately \$205 and \$193 thousand to the TMRS plan for the years 2024 and 2023, respectively. The TMRS plan is not a component of the accompanying financial statements.

8. Capital Assets

The DPFP office building and land are recorded at acquisition value. Purchased capital assets, which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of \$238 and \$225 thousand for years 2024 and 2023, respectively is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2024 and 2023. All capital assets belong to DPFP. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	\$ 50	50 years
Building improvements	\$ 50	15 years or term of lease
Information Technology Hardware	\$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2024 and 2023 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2022	INCREASES	DECREASES	BALANCE DECEMBER 31, 2023	INCREASES	DECREASES	BALANCE DECEMBER 31, 2024
Land	\$ 3,562	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ 3,562
Building	7,972	-	190	7,782	-	190	7,592
Building improvements	50	75	20	105	185	32	258
IT Hardware	22	-	15	7	77	16	68
Total	\$ 11,606	\$ 75	\$ 225	\$ 11,456	\$ 262	\$ 238	\$ 11,480

9. Commitments and Contingencies

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions, without interest, if they have less than five years of pension service. As of December 31, 2024 and 2023, aggregate contributions from active non-vested members for the Combined Pension Plan were \$26.8 million and \$25.0 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of \$896 thousand and \$1.5 million for December 31, 2024 and 2023, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2024, there were no aggregate contributions from active non-vested members of the Supplemental Plan and \$98 thousand for 2023. There were no members eligible for a refund from the Supplemental Plan as of December 31, 2024 and only one member in 2023.

On December 31, 2024 the total accumulated DROP balance and the present value of the DROP annuities was \$869.3 million for the Combined Plan and \$5.2 million for the Supplemental Plan. On December 31, 2023 the total accumulated DROP balance and the present value of the DROP annuities was \$902.7 million for the Combined Plan and \$5.7 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors on December 31, 2024, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	\$ 107,000	\$ 7,141
Private equity	5,000	450
Fixed income - commingled funds	10,000	514
Total	\$ 122,000	\$ 8,105

Legal

In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The plaintiff has filed a petition for review with the Texas Supreme Court. A judgment for the plaintiffs would have a material effect upon DPFP and its financial statement and condition. The ultimate outcome of this lawsuit cannot be determined at this time and, accordingly, no amounts related to these claims have been recorded in the accompanying financial statements as of December 31, 2024.

In August 2024, DPFP filed a Declaratory Judgement Action against the City of Dallas related to interpretation of the DPFP plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPFP. The City has appealed this ruling. The ultimate outcome of this lawsuit cannot be determined at this time.

10. Risks and Uncertainties

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

11. Leases

DPFP owns an office building and leases two floors of the building. DPFP entered into lease agreements, as a lessor, for office space owned by DPFP in 2023 and 2024. The lease terms are from 5-10 years with no cancellation period. Upon commencement of the leases, DPFP recognized lease receivables and deferred inflow of resources, which were measured at the present value of the future lease payments, discounted using a 6.50% interest rate. The lease receivables are amortized over the life of the leases. In 2024, the principal reduction was \$116 thousand and the interest income recorded was \$165 thousand. The deferred inflow of resources is amortized and recognized as revenue based on a systematic and rational allocation over the term of the lease. The amount of deferred inflow of resources amortized and recorded as revenue in 2024 was \$298 thousand.

The following schedule represents future minimum lease payments receivable as of December 31, 2024:

YEAR	PRINCIPAL	INTEREST	TOTAL FUTURE MINIMUM LEASE PAYMENTS
2025	\$ 292,189	\$ 170,362	\$ 462,551
2026	294,665	152,136	446,801
2027	326,058	131,943	458,001
2028	359,831	109,629	469,460
2029	357,240	85,076	442,316
2030 - 2033	1,122,956	136,945	1,259,901
Total	\$ 2,752,939	\$ 786,091	\$ 3,539,030

12. Subsequent Events

Legal

In October 2025, the City of Dallas filed an Emergency Motion in the Court of Appeals to prevent DPFP from paying a COLA in October 2025 as was included in the 2.025 Plan. The Court of Appeals ordered a stay on any payment of a COLA pending the Court's decision of the appeal by the City of Dallas.

Real Asset and Private Equity Sales

Subsequent to year end and prior to the issuance date of the financials, there were six distributions from Real Assets totaling \$4.1 million, two distributions from Fixed Income totaling \$98 thousand and five distributions from Private equity totaling \$11.5 million.

Change in Service Provider

In July 2024, the Board voted to change the Custodian of the fund to BNY, which began serving as Custodian of the fund on January 1, 2025.

Asset Allocation Changes

In October 2024, the Board approved a revised Asset Allocation which included updates to asset class targets, ranges, benchmarks and implementation considerations which became effective on January 1, 2025.

Management has evaluated subsequent events through _____, 2025, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

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Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

COMBINED PENSION PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 80,814	\$ 80,051	\$ 71,625	\$ 69,963	\$ 56,244
Interest	338,949	335,598	329,455	326,951	324,046
Changes of benefit terms	451,714	-	-	-	-
Differences between expected and actual experience	109,671	(19,708)	(42,456)	(26,683)	70,548
Changes of assumptions	(56,946)	-	65,942	(4,238)	257,525
Benefit payments, including refunds of employee contributions	(346,933)	(343,346)	(333,638)	(324,633)	(317,951)
Net change in total pension liability	577,269	52,595	90,928	41,360	390,412
Total pension liability - beginning	5,307,255	5,254,660	5,163,732	5,122,372	4,731,960
Total pension liability - ending (a)	\$ 5,884,524	\$ 5,307,255	\$ 5,254,660	\$ 5,163,732	\$ 5,122,372
Plan fiduciary net position					
Employer contributions	\$ 188,633	\$ 171,961	\$ 169,911	\$ 165,541	\$ 161,950
Employee contributions	67,920	62,510	59,706	58,560	57,305
Net investment income (loss), net of expenses	174,395	243,098	(240,891)	321,064	(8,927)
Benefits payments	(346,933)	(343,346)	(333,638)	(324,633)	(317,951)
Interest expense	-	-	-	-	-
Administrative expenses	(7,409)	(5,974)	(6,362)	(6,391)	(6,534)
Net change in plan fiduciary net position	76,606	128,249	(351,274)	214,141	(114,157)
Plan fiduciary net position - beginning	1,934,816	1,806,567	2,157,841	1,943,700	2,057,857
Plan fiduciary net position - ending (b)	\$ 2,011,422	\$ 1,934,816	\$ 1,806,567	\$ 2,157,841	\$ 1,943,700
Net pension liability - ending (a) - (b)	\$ 3,873,102	\$ 3,372,439	\$ 3,448,093	\$ 3,005,891	\$ 3,178,672
Plan fiduciary net position as a percentage of total pension liability	34.2%	36.5%	34.4%	41.8%	38.0%
Covered payroll	\$ 554,095	\$ 469,276	\$ 462,820	\$ 436,971	\$ 427,441
Net pension liability as a percentage of covered payroll	699.0%	718.6%	745.0%	687.9%	743.7%

(Continued)

Note: The 2023 results were revised subsequent to the publication of the January 1, 2024 actuarial valuation report and have been updated for this schedule.

COMBINED PENSION PLAN

FOR MEASUREMENT DATE ENDING
DECEMBER 31.

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 49,155	\$ 44,792	\$ 148,552	\$ 167,432	\$ 125,441
Interest	318,703	318,536	348,171	360,567	359,023
Changes of benefit terms	-	16,091	(1,167,597)	-	-
Differences between expected and actual experience	16,723	(46,555)	(134,665)	(77,463)	379,461
Changes of assumptions	155,569	(31,460)	(2,851,241)	(712,003)	908,988
Benefit payments, including refunds of employee contributions	(309,860)	(297,081)	(296,154)	(825,092)	(285,003)
Net change in total pension liability	230,290	4,323	(3,952,934)	(1,086,559)	1,487,910
Total pension liability - beginning	4,501,670	4,497,347	8,450,281	9,536,840	8,048,930
Total pension liability - ending (a)	\$ 4,731,960	\$ 4,501,670	\$ 4,497,347	\$ 8,450,281	\$ 9,536,840
Plan fiduciary net position					
Employer contributions	\$ 155,721	\$ 149,357	\$ 126,318	\$ 119,345	\$ 114,886
Employee contributions	52,268	49,332	32,977	25,518	25,676
Net investment income (loss), net of expenses	124,260	42,822	98,911	164,791	(235,207)
Benefits payments	(309,861)	(297,081)	(296,154)	(825,092)	(285,003)
Interest expense	-	-	(1,279)	(4,532)	(8,417)
Administrative expenses	(6,445)	(5,861)	(8,090)	(9,492)	(6,006)
Net change in plan fiduciary net position	15,943	(61,431)	(47,317)	(529,462)	(394,071)
Plan fiduciary net position - beginning	2,041,914	2,103,345	2,150,662	2,680,124	3,074,195
Plan fiduciary net position - ending (b)	\$ 2,057,857	\$ 2,041,914	\$ 2,103,345	\$ 2,150,662	\$ 2,680,124
Net pension liability - ending (a) - (b)	\$ 2,674,103	\$ 2,459,756	\$ 2,394,002	\$ 6,299,619	\$ 6,856,716
Plan fiduciary net position as a percentage of total pension liability	43.5%	45.4%	46.8%	25.5%	28.1%
Covered payroll	\$ 396,955	\$ 363,117	\$ 346,037	\$ 357,414	\$ 365,210
Net pension liability as a percentage of covered payroll	673.7%	677.4%	691.8%	1,762.6%	1,877.5%

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

For Last Ten Fiscal Years (in Thousands)

SUPPLEMENTAL PENSION PLAN

FOR MEASUREMENT DATE ENDING
DECEMBER 31,

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 1,259	\$ 1,262	\$ 1,020	\$ 394	\$ 379
Interest	2,917	2,786	2,630	2,373	2,438
Changes of benefit terms	3,535	-	-	-	-
Differences between expected and actual experience	291	1,092	501	3,371	47
Changes of assumptions	(1,294)	-	891	(4)	1,559
Benefit payments, including refunds of employee contributions	(3,302)	(2,941)	(2,843)	(2,750)	(2,778)
Net change in total pension liability	3,406	2,199	2,199	3,384	1,645
Total pension liability - beginning	45,266	43,067	40,868	37,484	35,839
Total pension liability - ending (a)	\$ 48,672	\$ 45,266	\$ 43,067	\$ 40,868	\$ 37,484

Plan fiduciary net position

Employer contributions	\$ 4,256	\$ 3,666	\$ 2,807	\$ 2,099	\$ 1,777
Employee contributions	295	279	256	228	245
Net investment income (loss), net of expenses	1,882	2,224	(2,181)	2,765	(122)
Benefits payments	(3,302)	(2,941)	(2,843)	(2,750)	(2,778)
Interest expense	-	-	-	-	-
Administrative expenses	(84)	(61)	(59)	(55)	(55)
Net change in plan fiduciary net position	3,047	3,167	(2,020)	2,287	(933)
Plan fiduciary net position - beginning	19,808	16,641	18,661	16,374	17,307
Plan fiduciary net position - ending (b)	\$ 22,855	\$ 19,808	\$ 16,641	\$ 18,661	\$ 16,374

Net pension liability - ending (a) - (b)	\$ 25,817	\$ 25,458	\$ 26,426	\$ 22,207	\$ 21,110
Plan fiduciary net position as a percentage of total pension liability	47.0%	43.8%	38.6%	45.7%	43.7%
Covered payroll	\$ 1,838	\$ 1,923	\$ 1,800	\$ 1,631	\$ 627
Net pension liability as a percentage of covered payroll	1,404.6%	1,324.2%	1,468.0%	1,361.3%	3,368.0%

(Continued)

Note: The 2023 results were revised subsequent to the publication of the January 1, 2024 actuarial valuation report and have been updated for this schedule.

SUPPLEMENTAL PENSION PLAN

FOR MEASUREMENT DATE ENDING
DECEMBER 31,

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 212	\$ 222	\$ 111	\$ 70	\$ 36
Interest	2,223	2,359	2,799	2,911	2,953
Changes of benefit terms	-	888	(5,305)	-	-
Differences between expected and actual experience	3,007	(2,628)	(1,435)	1,105	928
Changes of assumptions	1,332	28	(479)	(916)	(600)
Benefit payments, including refunds of employee contributions	(2,766)	(2,708)	(2,668)	(5,912)	(2,640)
Net change in total pension liability	4,008	(1,839)	(6,977)	(2,742)	677
Total pension liability - beginning	31,831	33,670	40,647	43,389	42,712
Total pension liability - ending (a)	\$ 35,839	\$ 31,831	\$ 33,670	\$ 40,647	\$ 43,389

Plan fiduciary net position

Employer contributions	\$ 1,530	\$ 1,979	\$ 2,077	\$ 3,064	\$ 2,443
Employee contributions	111	74	66	35	43
Net investment income (loss), net of expenses	169	1,220	740	1,141	(1,689)
Benefits payments	(2,766)	(2,708)	(2,668)	(5,912)	(2,640)
Interest expense	-	-	(11)	(78)	(44)
Administrative expenses	(55)	(52)	(69)	(37)	(61)
Net change in plan fiduciary net position	(1,011)	513	135	(1,787)	(1,948)
Plan fiduciary net position - beginning	18,318	17,805	17,670	19,457	21,405
Plan fiduciary net position - ending (b)	\$ 17,307	\$ 18,318	\$ 17,805	\$ 17,670	\$ 19,457

Net pension liability - ending (a) - (b)	\$ 18,532	\$ 13,513	\$ 15,865	\$ 22,977	\$ 23,932
Plan fiduciary net position as a percentage of total pension liability	48.3%	57.6%	52.9%	43.5%	44.8%
Covered payroll	\$ 584	\$ 622	\$ 916	\$ 525	\$ 725
Net pension liability as a percentage of covered payroll	3,172.8%	2,173.8%	1,731.6%	4,376.2%	3,303.3%

See notes below related to this schedule.

Notes to Schedule:**Changes of benefit terms:*****As of December 31, 2024***

An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in CPI-U All items in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%

As of December 31, 2023

HB 4034 amended section 6.04(f) of Article 6243a-1 regarding disability benefits. The multiplier for disability benefits for members with service after September 1, 2017 was changed to 2.5% instead of an age-based table.

HB 4034 amended section 6.08 of Article 6243a-1 regarding death benefits for qualified survivors if a member dies in the line of duty. The multiplier for members hired prior to March 1, 2011 for service prior to September 1, 2017 was increased to 3% instead of 1.5%. For service after September 1, 2017, the multiplier was increased to 2.5% from 1.25%. For members hired on or after March 1, 2011, the multiplier was increased to 2.5% instead of 1.25%. The increased multiplier is for survivors who are either the member's children or surviving spouse, but not both. The maximum death benefit was increased to 90% from 45% of the member's average computation pay determined over 36 or 60 consecutive months.

As of December 31, 2022 - None***As of December 31, 2021***

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020 and 2019 - None***As of December 31, 2018***

The provision allowing members who entered DROP before June 1, 2017 to revoke the DROP election during a window from September 1, 2017 through February 28, 2018 is reflected in the December 31, 2018 total pension liability.

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011
- Benefit multipliers for 20 and Out benefit lowered
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20-years of service
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011
- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011

- Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a market value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement
- Active DROP participation is limited to 10 years
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus \$13 million per year.

As of December 31, 2016 and 2015 - None

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2025 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2024. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2025 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2024

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex.
- The mortality improvement rates were updated to be projected generationally with Scale MP-2021.
- The DROP retirement rates were updated to lowered age-based rates covering the same service age ranges for each group.
- The non-DROP retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lowered age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption was increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

As of December 31, 2023 - None

As of December 31, 2022

- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.
- The DROP Active retirement rates for participants in DROP for ten years was lowered from 100% to 75%.

As of December 31, 2021

- Administrative expense assumption was reduced to \$7.0 million from \$8.5 million or 1% of Computation Pay for the Combined Plan and to \$55 thousand from \$65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated, and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053.

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years
- Retirement rates were changed effective January 1, 2018
- 100% retirement rate once the projected sum of age plus service equals 90
- New terminated vested members are assumed to retire at age 58
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
- The administrative expense assumption was changed from the greater of \$10 million per year or 1% of Computation Pay to the greater of \$8.5 million per year or 1% of Computation Pay for the Combined Plan and from \$60 thousand to \$65 thousand for the Supplemental Plan

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

As of December 31, 2015

The blended discount rate used to measure the total pension liability changed from 4.94% to 3.95% for the Combined Pension Plan and from 7.13% to 7.19% for the Supplemental Plan.

As a result of the actuarial experience study completed for the five-year period ending December 31, 2014, the following changes in assumptions were adopted by the Board. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2016 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

- Salary scales were updated with separate service-based salary assumptions for police officers and firefighters, lowering the range of increase to 3.00% to 5.20% from the previous assumed range of 4.00% to 9.64%.
- The payroll growth rate assumption was lowered from 4.00% to 2.75% to equal the assumed inflation rate.
- In the prior valuation, the investment return assumption was net of both investment and administrative expenses. In the December 31, 2015 valuation, an explicit assumption for administrative expenses was added to the normal cost. Assumptions of \$10 million and \$60 thousand per year were utilized for the Combined Pension Plan and Supplemental Plan, respectively.

- In the prior valuation for the Combined Pension Plan, an asset valuation method using a 10-year smoothing period was applied. In the December 31, 2015 valuation, the actuarial value of assets was reset to market value as of the measurement date. A five-year smoothing period will be used in future periods.
- The remaining amortization period was adjusted from 30 years to 40 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.
- Mortality tables were updated from the RP-2000 tables to the RP-2014 tables.
- Assumed rates of turnover were lowered for police officers and raised for firefighters to reflect recent experience.
- Retirement rates were lowered for both police officers and firefighters, with the separation of service-based assumptions implemented based on recent experience.
- Disability rates were lowered for both police officers and firefighters and service-based assumptions were eliminated based on the similarity of recent experience between the two services.
- The assumption of the portion of active employees who are married was lowered from 80% to 75% and the age of the youngest child was raised from 1 to 10.

DRAFT

Schedule of Employer Contributions - Combined Pension Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2024	\$ 237,229	\$ 188,633	\$ 48,596	\$ 469,276	40.2%
2023	251,606 ⁽¹⁾	171,961	79,646	462,820	37.2%
2022	228,531	169,911	58,619	436,971	38.9%
2021	221,286	165,541	55,744	427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

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

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Prior to January 1, 2016, the actuarial determined contribution for the Combined Plan was not determined by the actuary.

For 2024, the ADC is calculated as of the valuation date and excludes the 21 month projection to the City's following fiscal year, to allow for a comparison point for the contributions.

Prior to 2024, the City's contributions were based on statutory rates set by State law and not Actuarially Determined Contributions. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:

The following methods and assumptions used to calculate the Actuarial Determined Contribution:

As of December 31, 2024

Actuarial cost method

Entry age normal cost method

Amortization method

The Board adopted a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.250 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$1.331 billion, with a three-year step up of the amortization payment, with the outstanding balance after three years to be amortized over a 27-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method of changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.

DALLAS POLICE & FIRE PENSION SYSTEM

Remaining amortization period	29 years as of January 1, 2024
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2023

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	82 years as of January 1, 2023
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2022</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	68 years as of January 1, 2022
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

DALLAS POLICE & FIRE PENSION SYSTEM

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019
	Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019
	Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019

Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
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DROP utilization	The DROP utilization factor is 0% for new entrants.
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As of December 31, 2021 that differed from above

Remaining amortization period	63 years as of January 1, 2021
Post-retirement benefit	COLA assumed to be 2.00% simple increases beginning October 1, 2073

As of December 31, 2020 that differed from above

Amortization method	25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.
Remaining amortization period	55 years as of January 1, 2020
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and increases payable every October 1 thereafter

As of December 31, 2019 that differed from above

Amortization method	30-year level percent of pay, using 2.75% annual increases
Remaining amortization period	38 years as of January 1, 2019
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Projected salary increases	Inflation plus merit increases, varying by group and service

Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter
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Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015
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	Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015
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	Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
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Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.
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As of December 31, 2018 that differed from above

Remaining amortization period	45 years as of January 1, 2018
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Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
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Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and increases payable every October 1 thereafter
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Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.
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As of December 31, 2017 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
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Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and increases payable every October 1 thereafter
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Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
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DALLAS POLICE & FIRE PENSION SYSTEM

DROP election

The DROP utilization factor is 0% for new entrants. Current DROP members with at least eight years in the DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.

*As of December 31, 2016 that differed from above*Post-retirement benefit
increases

4.00% simple COLA, October 1st

DROP balance returns

At October 1, 2015 - 7.0%

At October 1, 2016 - 6.0%

At October 1, 2017 and thereafter - 5.0%

DROP election

Age 50 with 5 years of service. Any active member who satisfies these criteria and has not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

DRAFT

Schedule of Employer Contributions - Supplemental Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2024	\$ 4,257	\$ 4,257	\$ -	\$ 1,923	221.4%
2023	3,666	3,666	-	1,800	203.6%
2022	2,807	2,807	-	1,631	172.1%
2021	2,099	2,099	-	627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%
2015	2,443	2,443	-	557	438.8%

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially Determined Contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415.

Notes to Schedules:

The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2024

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	14 years as of January 1, 2024.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

DALLAS POLICE & FIRE PENSION SYSTEM

Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2023</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	15 years as of January 1, 2023.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of all expense, including administrative expenses.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019

Interest on DROP accounts Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.

DROP election The DROP utilization factor is 0% for new entrants.

As of December 31, 2022

Actuarial cost method Entry age normal cost method

Amortization method 20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.

Remaining amortization period 16 years as of January 1, 2022.

Asset valuation method Market value of assets

Investment rate of return 6.50% per annum, including inflation, net of all expense, including administrative expenses.

Inflation rate 2.50%

Projected salary increases Inflation plus merit increases, varying by group and year

Retirement rates Group-specific rates based on age

Mortality Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019

Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019

Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019

Interest on DROP accounts Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.

DROP election The DROP utilization factor is 0% for new entrants.

As of December 31, 2021 that differed from above

Remaining amortization period 17 years as of January 1, 2021.

Post-retirement benefit increases COLA assumed to be a 1.5% COLA beginning October 1, 2073 and payable every October 1st thereafter

As of December 31, 2020 that differed from above

Amortization method	20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.
Remaining amortization period	20 years
Investment rate of return	7.00% per annum, compounded annually, net of all expense, including administrative expenses.
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2063 and payable every October 1st thereafter

As of December 31, 2019 that differed from above

Amortization method	10 years level percent of pay, using 2.75% annual increases
Remaining amortization period	10 years
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and payable every October 1st thereafter
Mortality	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit increases	COLA assumed to be a 2.00% COLA beginning October 1, 2049 and payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	October 1, 2015 - 7% October 1, 2016 - 6% October 1, 2017 and thereafter - 5%
DROP election	Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

As of December 31, 2015 and 2014 that differed from above

Projected salary increases	Range of 4.00% - 9.64%
Mortality	RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA for healthy retirees and active members.

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2024	8.30%
2023	10.15%
2022	(2.77%)
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%
2015	(12.70%)

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments and is provided by DPFP's investment consultant, Meketa Investment Group Inc. for the periods 2018-2024 and NEPC, LLC for the periods 2015-2017.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

For both the Combined and Supplemental Plans

Year Ended December 31, 2024

ADMINISTRATIVE EXPENSES

Information technology	\$	623,840
Education		41,254
Insurance		518,364
Personnel		3,802,904
Office equipment		114,114
Dues and subscriptions		159,205
Board meetings		2,403
Office supplies		25,768
Utilities		25,063
Postage		15,524
Printing		5,735
Elections		-
Facilities		736,133
Other		22,557
Total administrative expenses	\$	6,092,864

INVESTMENT EXPENSES

Investment management	\$	6,022,663
Custodial		214,957
Investment level valuations and audits		477,803
Research		43,478
Consulting and reporting		567,917
Legal		110,551
Tail-end advisory		66,600
Tax		48,446
Other		7,329
Total investment expenses	\$	7,559,744

PROFESSIONAL SERVICES EXPENSES

Actuarial		337,476
Auditing		132,300
Accounting		62,332
Medical review		4,900
Legal		698,982
Mortality records		5,499
Legislative		126,000
Other		33,087
Total professional services expenses	\$	1,400,576

Notes to Schedule:

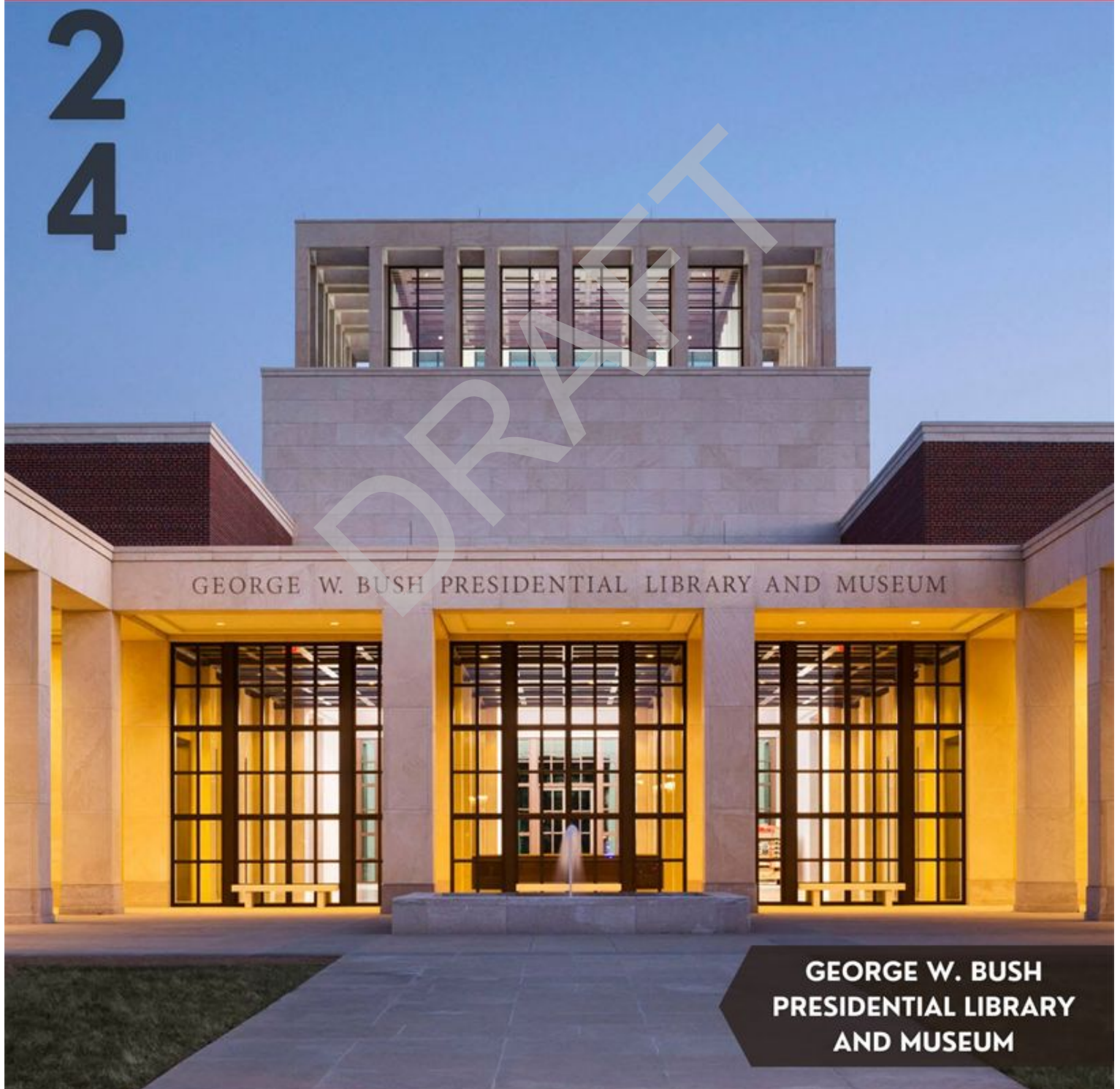
Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DFPF are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report

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20 INVESTMENT INFORMATION

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Investment Consultant's Report



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Carlsbad, CA 92008

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Meketa.com

MEMORANDUM

TO: Board of Trustees, Dallas Police & Fire Pension System
FROM: Leo Festino, Aaron Lally, Colin Kowalski, Meketa Investment Group
DATE: July 31, 2025
RE: Investment Consultant's Statement for Annual Comprehensive Financial Report

This letter reviews the global capital markets in 2024 and the investment performance of the Dallas Police and Fire Pension System ("DPFP") for the year ending December 31, 2024.

Investment decisions were made during the calendar year with the following investment objectives in mind (as stated in DPFP's Investment Policy Statement).

- Maintain a diversified asset allocation that seeks to maximize the investment return while accepting prudent exposure to key investment risks.
- Outperform the Policy Benchmark over rolling five-year periods.
- Control and monitor the costs of administering and managing the investments.

DPFP produced a positive return in the calendar year of 8.1%, ahead of its actuarial target return but underperformed its policy benchmark.

DPFP's rates of return are represented using a net-of-fees time-weighted rate of return methodology based upon monthly market values and cash flows. Consistent with industry best practices, DPFP's private market valuations are included on a one-quarter lag, cash flow adjusted basis, to account for the typical 60-90 day delayed reporting cycle for most private market investments. Data was provided by

J.P. Morgan, DPFP's custodian, and investment manager valuation statements.

Meketa Investment Group, DPFP's general investment consultant, works with the Board of Trustees, the Investment Advisory Committee and Investment Staff, to assist with performance evaluation, asset allocation, manager selection, governance, and other industry best practices.

Calendar Year 2024 Year in Review

First Quarter

At the beginning of Calendar Year 2024, the global economy was characterized by moderating inflation and steady growth, as well as a feeling in many parts of the world that interest rate cuts would be forthcoming. Global growth was projected at 3.1% for 2024, slightly higher than previous forecasts, driven by anticipated resilience in the US and emerging markets, along with likely fiscal support in China. However, the actual growth during the year remained below the historical average primarily due to high central bank policy rates and low productivity growth outside the US.

At the start of the year, in most areas of the globe, inflation had declined closer to central bank target ranges. US inflation, as represented by the Consumer Price Index, stood at 3.4%, as of December 2023. It was projected to continue to decline by the end of the year due to tighter monetary policy and easing supply chain pressures. Inflation in Europe was at 2.9%, with the Euro area experiencing a slight increase from the previous months.

In Japan, inflation stood at 2.6% a significant departure from its decades long struggles with deflation. Meanwhile, China faced much lower inflation, with the consumer price index declining to -0.8% over the trailing twelve months as of January 31, 2024, despite government stimulus measures.

However, as we moved forward in 2024, it became more apparent that the resilient economic data that was driving global equities higher was also pushing out the timing of the expected first US Federal reserve rate cut, leading to adjustments in bond prices and yields throughout the year. At that time, major central banks had largely paused interest rate hikes with expectations that many would eventually cut rates. The uneven pace of falling inflation and economic growth across countries led to speculation that the pace of rate cuts could vary between central banks.

Inflation pressures had significantly eased in most countries from their pandemic peaks, but levels were still above most central bank targets with questions about how inflation would track going forward. Advanced economies saw more rapid disinflation compared to emerging markets. That said, in the US, headline inflation in March 2024 rose by more than expected (3.2% to 3.5%), while core inflation was unchanged (3.8%) despite a predicted decline to 3.7%.

Among equity asset classes, US markets (Russell 3000 Index) rose 10.0% in the first quarter of calendar 2024. The technology sector continued to perform well, with the energy sector gaining on geopolitical tensions. Non-US developed equity markets (MSCI EAFE) increased 5.8% in the quarter, helped by Japanese equities which hit multi-decade highs. A strengthening US dollar drove the weaker relative results for US investors with returns in local currency terms (MSCI EAFE Local) 4.2% higher (10.0% versus 5.8%) over the first quarter of calendar 2024.

During the first quarter of calendar 2024, emerging markets equities (MSCI Emerging Markets) had the weakest equity returns (+2.4%), led by China (MSCI China at -2.2%). Slowing economic growth, lingering issues in the property sector, and efforts by the US to discourage investments in China all weighed on results. The stronger dollar also hurt performance in emerging markets for US-based investors with returns in local currency terms (MSCI Emerging Markets Local) 2.1% higher (4.5%) during the same quarter.

Higher inflation and rising interest rates weighed on bonds with the broad US bond market (Bloomberg Aggregate) returning -0.8% for the first quarter of calendar 2024. High Yield Bonds (Barclays High Yield) remained positive, up 1.5% for the same quarter, as risk appetite remained strong and all-in yields attractive.

Second Quarter

The second quarter of calendar 2024 began with the notion of rates staying “higher for longer” given continued, resilient economic data. Stronger than expected inflation and employment data in the US weighed on both stocks and bonds in April. However, by May and June, sentiment changed as the Federal Reserve confirmed it was unlikely they would increase interest rates and economic data started largely coming in below expectations. Headline year-over-year inflation in the US fell 0.5% over the second quarter to 3.0% with several readings coming in below expectations. Core CPI also fell 0.5% in the quarter, finishing at 3.3%. Outside the US, inflation readings continued to decline in many developed markets, enough so that central banks in Canada, Sweden, Switzerland, and the EU all cut interest rates in the second quarter of calendar 2024.

Among equity asset classes, US markets (Russell 3000 Index) rose 3.2% in the second quarter of calendar 2024. Large capitalization technology companies again performed well driven by continued excitement over artificial intelligence. Enthusiasm surrounding artificial intelligence also benefited utilities, although to a lesser extent, with the market recognizing the massive computing power and energy needed to incorporate these technologies

into many facets of everyday life. Non-US developed equity markets (MSCI EAFE) decreased 0.4% in the second quarter of calendar 2024. Strength in the US dollar drove the weaker relative results for US investors with returns in local currency terms (MSCI EAFE Local) 1.4% higher (+1.0% versus -0.4%). Emerging markets equities had the best returns in the second quarter of calendar 2024, with the MSCI Emerging Markets Index returning +5.0%, partially attributed to China (MSCI China) at +6.9%.

Rising interest rates weighed on bonds with income balancing capital losses. The broad US bond market (Bloomberg Aggregate) returned 0.1% for the second quarter of calendar 2024. High yield bonds (Barclays High Yield) remained positive, up 1.1% for the quarter.

Third Quarter

As the third quarter of 2024 began, markets were guided by the continued themes of inflation trends and economic growth projections across key regions. In the Eurozone, inflation had unexpectedly increased to 2.6% in July, from 2.5% in June, driven by rising energy costs, while Japan's inflation remained steady at 2.8%, prompting the Bank of Japan to raise the policy rate to 0.25% after decades of near-zero rates. China's central bank had implemented another round of interest rate cuts, aiming to support the economy amid a modest inflation recovery to 0.5% in July. In the US, inflation continued to decline, with year-over-year headline inflation falling to 2.9% in July, although shelter costs remained a significant contributor to monthly inflation increases.

Global economic growth was projected to remain stable, with the International Monetary Fund forecasting a growth rate of around 3.2% for 2024, matching the 2023 estimate, and most major economies were expected to avoid a recession. However, key economic data in the US had weakened, leading markets to anticipate multiple rate cuts by the Federal Reserve in response to improving inflation data and signs of economic weakness. This divergence in monetary policy among central banks, with some cutting rates and others raising them, was likely to influence capital flows and currency movements in the coming months.

In the third quarter of 2024, the US equity markets, represented by the Russell 3000 Index, rose by 6.2%. This increase was driven by a broadening rally that included strong performance in value and small cap stocks, reversing the earlier trend of narrow leadership by large cap growth stocks. The technology sector continued to perform well, contributing to the overall gains in the US equity markets.

Non-US developed equity markets, as measured by the MSCI EAFE Index, increased by 7.3% in the third quarter, with Japanese equities hitting multi-decade highs, which significantly contributed to the overall performance. In a reversal of the first two quarters of the year, the weakening US dollar in the third quarter had a beneficial impact on returns for US investors, as the local currency version of the index (MSCI EAFE Local) returned just 0.8%. Emerging markets equities, represented by the MSCI Emerging Markets Index, posted a return of 8.7% in the third quarter, outperforming developed market stocks. Within emerging markets, China (MSCI China) saw a significant rally of 23.5% for the quarter, driven by a substantial policy stimulus package aimed at supporting equity prices and reducing bank reserve requirements.

The broad US bond market, represented by the Bloomberg Aggregate Index, returned 5.2% in the third quarter, benefiting from expectations of additional policy rate cuts as inflation pressures receded and the economy showed signs of possible slowing. High yield bonds, as measured by the Bloomberg High Yield Index, were up 5.3% due to strong risk appetite and attractive yields.

Fourth Quarter

At the start of the fourth quarter of 2024, the global economy was characterized by mixed outcomes influenced by various geopolitical and economic factors. The US election played a significant role, with markets reacting to the incoming Trump administration's proposed policies, which included tariffs, tax cuts and deportations, raising concerns about future inflationary pressures and economic stability. Despite these concerns, US equities experienced a post-election rally driven by optimism over potential policy benefits, such as deregulation.

Even with the market focused on economic impacts from the incoming US administration's policies, the Federal Reserve cut its policy rate by 0.25% in December, but its Summary of Economic Projections and hawkish comments provoked a repricing of future rate cuts and their timing. That said, unemployment remained low and economic growth showed resilience throughout the quarter. Internationally, non-US markets faced challenges, with economic growth slowing in Europe and China, partly due to trade tensions and a strong US dollar. Overall, the quarter highlighted significant divergence between US and international markets, driven by varying economic policies and geopolitical uncertainties.

In the fourth quarter of 2024, global equity and bond markets exhibited varied performance. US equity markets, represented by the Russell 3000 Index, rose by 2.6%, driven by a post-election rally and strong performance in the technology sector. Non-US developed equity markets, as measured by the MSCI EAFE, declined by 8.1%, impacted by a strong US dollar and concerns over trade wars and slowing growth in Europe. Emerging markets equities, tracked by the MSCI Emerging Markets, fell by 8.0%, with China (MSCI China) declining by 7.7% due to slowing economic growth, property sector issues, and discouragement of US investments.

In the fixed income market, the broad US bond market (Bloomberg Aggregate) returned -3.1% due to higher inflation and rising interest rates. Conversely, High yield bonds (Bloomberg High Yield) were up 0.2%, reflecting a continued strong risk appetite and attractive yields.

Overall, in 2024, global economies experienced varied growth and inflation trends. The US saw an annual GDP growth of 2.5% for the full year, driven by strong consumer spending. Inflation in the US moderated to 3.0% by December, and the Fed Funds rate declined from a range of 5.25-5.50% to start the year down to 4.25-4.50% by year end. The Eurozone's GDP grew by 0.9% in 2024, with inflation stabilizing at 2.5% for the year. Japan's economy expanded by 0.1% in 2024, with an annual inflation rate of 3.6%, and was the only major economy to raise rates during the year. China's official government numbers showed it achieved its GDP growth target of 5.0%, supported by strong exports and government stimulus, though inflation remained low at 0.1% for the full calendar year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was 4.1% in December 2024, reflecting a slight increase from the previous year. The Eurozone's unemployment rate remained relatively stable, averaging around 6.5%. Japan's unemployment rate was low, at approximately 2.7%, supported by steady job creation. In China, the unemployment rate hovered around 5.2%, with government policies aimed at maintaining employment stability.

DPFP's 2024 Performance and Investment Activity

DPFP ended 2024 with nearly \$2.0 billion in investment assets. DPFP's public global equity which accounted for 50.6% of the portfolio had a strong year, returning +14.7% in 2024, slightly underperforming the MSCI ACWI IMI Net Index (+16.4%). DPFP underperformed its policy benchmark and peers in part due to weak performance within Private Equity. Underweight exposure to public equities and overweight exposure to Real Estate were also detractive.

	Calendar Year 2024 Return (%)
DPFP (net of fees)	+8.1%
Policy Index	+12.3%
Peer Median Return ¹	+8.9%
60% Stock/40% Bond mix ²	+9.0%

***Returns are time-weighted, net of fees. DPFP's private market valuations are included on a one-quarter lag, cash flow adjusted basis, to account for the typical 60-90 day delayed reporting cycle for most private market investments.*

DPFP's 3-Year return outperformed its policy benchmark but trailed the actuarial target while longer-term periods (5-year and 10-year) trailed both the policy benchmark and actuarial target. Poor manager selection within real estate and private equity and an over-allocation in these asset classes (paired with an under-allocation to public equities) have been the biggest drivers of longer-term underperformance.

2025 Capital Markets through 6/30/2025

The first six months of 2025 have been mostly positive across major asset classes, although volatile in the US, due to uncertainty around tariffs. The US Equity market (S&P 500 Index) dipped negative in April but rebounded strongly through the end of June, returning +6.2% year-to-date. The international equity market has been even stronger, the MSCI EAFE index is up +19.5% year-to-date through 6/30/2025. Investment grade bonds (Barclays Aggregate Index) are also positive, +4.0% year-to-date.

Meketa, Staff and the Board of Trustees continue to diligently monitor the macro environment and its impact on the Fund.



Leandro Festino, CFA, CAIA
Managing Principal



Aaron Lally, CFA, CAIA
Managing Principal



Colin Kowalski
Investment Analyst

¹ InvestorForce Public DB \$1-\$5 billion Net Performance universe.

² 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.

Investment Information

Investment Activities and Initiatives

Over the course of the year, the size of the investment portfolio increased by approximately \$78 million, reaching \$2.02 billion in investment assets due to positive investment returns, which were partially offset by net benefit outflows.

Staff and Meketa conducted an Asset Allocation Study over the course of the year which was approved as part of the Investment Policy Statement in November 2024 and became effective January 1, 2025. The Asset Allocation Study process was iterative and reviewed by the Investment Advisory Committee (IAC) for discussion, guidance and feedback at the January, March, August and September IAC meetings before being taken to the Board for review and approval. As part of the revised asset allocation, Fixed Income & Cash were broken into a separate asset class from Credit and, within Credit, High Yield, Bank Loans and Emerging Market Debt were collapsed into one Public Credit Asset Class. The final long-term asset allocation reflected a 1% increase in the Private Equity target and introduced a new 4% Private Credit target. The increased allocations were sourced from a 2% reduction in the Public Equity target, 1% reduction in the Public Credit target and a 2% reduction in the Natural Resources target.

The private asset portfolio, which includes Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate, was valued at \$447 million or 22.2% of the portfolio, at year-end. Staff continued to work with managers to sell assets in an orderly fashion and reduce the over-allocation. Distributions from the private asset portfolio totaled \$80 million in 2024, with capital calls totaling just \$250 thousand.

In anticipation of new private market investments commencing in 2025, staff, the private markets consultant (Albourne) and the IAC worked to develop the practices and procedures that would be followed for new private market searches and commitments. A sub-committee of the IAC was formed to review all potential commitments and make recommendations to the Board, allowing for more frequent and flexible meetings as the need arises for review. Two Senior Direct Lending commitments have been made in 2025, and a number of funds are under evaluation for future commitments.

Performance Reporting and Results

Performance Reporting Methodology

The rate of return calculation is prepared by the investment consultant as of December 31, 2024, using a time-weighted rate of return. The methodology used to calculate the rate of return is a “lagged with cash flow adjustments” methodology, which incorporates a one-quarter lag on the market values of Private Equity, Private Debt, Infrastructure, Real Estate, Timberland, and Farmland investments (collectively, Private Investments). The lagged methodology was recommended by DPFP’s investment consultant, is consistent with standard industry practice, and allows for timelier reporting to the Board. Although the investment return information provided in the Investment section is based on the “lagged with cash flow adjustments” methodology, all the net asset value and allocation information is based on the final audited December 31, 2024, values (unlagged) which are reported in the Financial section.

Investment Performance

DPFP’s investment performance is reported to the Board, on a quarterly basis, by the investment consultant. The overall investment performance is measured against the median return of public defined benefit plans over \$1B included in the InvestorForce universe. DPFP’s overall performance is also compared to the Policy Benchmark. The Policy Benchmark is calculated as the weighted return based on the asset class target allocations and their corresponding benchmark returns. Each asset class and investment manager are measured against the return of an appropriate benchmark, as represented by a specific index return. All returns disclosed in the Investment section are calculated net of all fees paid to investment managers. The table below includes the 1, 3, 5 and 10-year returns by asset category and class as measured against the representative benchmarks (dollars in thousands).

	NET ASSET VALUE	% OF PORTFOLIO	2024 RETURN	3 YRS	5 YRS	10 YRS
Total Investment Assets	\$ 2,015,540	100.0%	8.1%	5.2%	4.5%	2.6%
Policy Benchmark ⁽¹⁾			12.3%	4.4%	7.1%	7.5%
InvestorForce DB>\$1B Median			8.6%	2.4%	6.6%	6.7%
EQUITY	1,273,296	63.2%	12.5%	7.4%	6.1%	4.4%
MSCI ACWI IMI Net			16.4%	4.9%	9.7%	9.0%
Global Equity	1,005,139	49.9%	14.7%	4.3%	9.5%	9.6%
MSCI ACWI IMI Net			16.4%	4.9%	9.7%	9.0%
Northern Trust ACWI Index IMI	410,926	20.4%	16.6%	5.3%	-	-
MSCI ACWI IMI Net			16.4%	4.9%	9.7%	9.0%
Boston Partners	116,677	5.8%	7.8%	6.3%	9.4%	-
MSCI World Net			18.7%	6.3%	11.2%	9.9%
Manulife	118,638	5.9%	11.1%	4.6%	8.6%	-
MSCI ACWI Net			17.5%	5.4%	10.1%	9.2%
Walter Scott	121,235	6.0%	8.9%	2.3%	8.7%	10.1%
MSCI ACWI Net			17.5%	5.4%	10.1%	9.2%
WCM Global Equity	122,065	6.1%	34.2%	-	-	-
MSCI ACWI Growth Net			24.2%	5.7%	13.1%	11.9%
Eastern Shore US Small Cap	62,398	3.1%	15.5%	-0.8%	-	-
Russell 2000			11.5%	1.2%	7.4%	7.8%
Global Alpha International Small Cap	53,197	2.6%	-3.6%	-	-	-
MSCI EAFE Small Cap			1.8%	-3.2%	2.3%	5.5%
Emerging Markets Equity	78,194	3.9%	6.6%	0.6%	2.6%	-
MSCI Emerging Markets IMI Net			7.1%	-1.4%	2.5%	3.9%
RBC	78,194	3.9%	6.6%	0.6%	2.6%	-
MSCI Emerging Markets IMI Net			7.1%	-1.4%	2.5%	3.9%
Private Equity	189,963	9.4%	-1.8%	24.7%	-1.9%	-4.4%
Russell 3000 (1 Qtr Lag)			37.8%	12.5%	17.5%	15.1%

DALLAS POLICE & FIRE PENSION SYSTEM

	NET ASSET VALUE	% OF PORTFOLIO	2024 RETURN	3 YRS	5 YRS	10 YRS
FIXED INCOME	486,754	24.2%	5.8%	2.2%	2.5%	2.6%
Bloomberg Multiverse TR			-1.3%	-4.2%	-1.8%	0.3%
Cash	69,621	3.5%	5.4%	4.1%	2.6%	2.0%
91 Day T-Bills			5.3%	3.9%	2.5%	1.8%
Short Term Investment Grade Bonds	123,386	6.1%	5.0%	2.2%	2.1%	-
Bloomberg US Aggregate 1-3 Yr			4.4%	1.7%	1.5%	1.6%
IR&M	123,386	6.1%	5.0%	2.2%	2.1%	-
Bloomberg US Aggregate 1-3 Yr			4.4%	1.7%	1.5%	1.6%
Investment Grade Bonds	80,001	4.0%	2.4%	-1.9%	-	-
Bloomberg US Aggregate			1.3%	-2.4%	-0.3%	1.3%
Longfellow Investment Management	80,001	4.0%	2.4%	-1.9%	-	-
Bloomberg US Aggregate			1.3%	-2.4%	-0.3%	1.3%
Bank Loans	84,046	4.2%	8.8%	7.3%	5.9%	-
Credit Suisse Leveraged Loan			9.1%	6.8%	5.7%	5.1%
Aristotle Pacific Asset Management	84,046	4.2%	8.8%	7.3%	5.9%	-
Credit Suisse Leveraged Loan			9.1%	6.8%	5.7%	5.1%
High Yield Bonds	68,618	3.4%	8.9%	2.3%	-	-
Bloomberg US Corporate High Yield			8.2%	2.9%	4.2%	5.2%
Loomis Sayles US High Yield	68,618	3.4%	8.9%	2.3%	-	-
Bloomberg US Corporate High Yield 2% Capped			8.2%	2.9%	4.2%	5.2%
Emerging Markets Debt	59,402	2.9%	5.2%	-	-	-
50% JPM EMBI/50% JPM GBI-EM			2.0%	-0.9%	-0.8%	1.8%
Metlife Emerging Markets Debt Blend	59,402	2.9%	5.2%	-	-	-
35% JPM EMBI/35% JPM CEMBI/30% JPM GBI-EM			3.9%	-0.2%	0.4%	2.7%
Private Debt	1,679	0.1%	20.2%	1.1%	12.6%	-
Bloomberg US High Yield + 2%			10.3%	5.0%	6.3%	7.3%
REAL ASSETS	255,490	12.7%	-2.0%	2.0%	2.0%	-0.5%
50% NCREIF Property/50% Farmland Total Return (1Qtr Lag)			-0.5%	3.5%	4.4%	6.3%
Real Estate	149,194	7.4%	1.8%	7.8%	4.1%	-1.1%
NCREIF Property (1Qtr Lag)			-3.5%	0.9%	3.3%	5.9%
Natural Resources	86,875	4.3%	-9.3%	-8.2%	-3.9%	-1.4%
NCREIF Farmland Total Return Index (1Qtr Lag)			2.6%	6.2%	5.6%	6.7%
Infrastructure	19,421	1.0%	1.3%	5.4%	8.5%	7.6%
S&P Global Infrastructure Index			15.1%	7.1%	5.3%	5.9%

Numbers may not total due to rounding.

(1) The Policy Benchmark is calculated as the weighted return based on the asset class target allocations and their corresponding benchmarks. The Policy Benchmark is updated for changes in the asset allocation targets as they are updated.

Investment Policy

The Investment Policy Statement (IPS) is designed to guide investment of the assets of DPFP and sets forth an appropriate set of goals and objectives for DPFP. It defines guidelines to assist fiduciaries and staff in the management of the investments of DPFP.

The IPS outlines the asset allocation, details due diligence and investment review procedures, and clearly defines the roles of the Board, IAC, consultants and DPFP staff in the investment decision making process.

Updates to the IPS were approved by the Board in November of 2024 but did not become effective until January 1st, 2025. Notable changes to the IPS approved in 2024 incorporated the following, among others:

- Updated the goal and objectives of the plan.
- Updated rebalancing language on the Safety Reserve and rebalancing to allow more flexibility.
- Updated language to clarify the format and role of Asset Class Structures.
- Updated the long-term asset allocation, increasing the target for Private Equity and Private Credit in the portfolio.
- Added private market provisions to describe the role of the private markets consultant and the private market manager selection process.

The IPS was revised in February of 2025 to change the benchmark for Private Credit. To review the IPS in full, visit DPFP's website at www.dpfp.org.

Overview and Goals

The general investment goals of DPFP are broad in nature to encompass the purpose of DPFP and its investments. By achieving allocation and performance objectives consistently, the long-term investment goals of DPFP are expected to be achieved. The goals, objectives, and constraints outlined in the Investment Policy Statement (IPS) are as follows:

Goal

- Earn a long-term, net of fees, investment return that, together with contributions, will be sufficient to meet current and future obligations of the plan when due, subject to any legal requirements.

Objectives

- Maintain a diversified asset allocation that seeks to meet the investment return goal while accepting prudent exposure to key investment risks.
- Meet or exceed the Policy Benchmark over rolling five-year periods.
- Control and monitor the costs of administering and managing the investments.

Constraints

- The Board intends to maintain sufficient liquidity in either cash equivalents or short-term investment grade bonds to meet 18 months of anticipated benefit payments and expenses (net of contributions).
- DPFP is a tax-exempt entity. Therefore, investments and strategies will be evaluated on a basis that is generally indifferent to taxable status.

DPFP's portfolio strategy is implemented primarily through the use of external investment managers. Each investment manager operates under a set of guidelines specific to the strategic role its portfolio is intended to

fulfill in the overall investment portfolio. As part of the due diligence process for any new manager, DPFP negotiates fees with these external managers to achieve the lowest reasonable cost to administering the investments without sacrificing quality of service.

DPFP's investment staff serves as the primary liaisons between the Board, Investment Advisory Committee, investment consultants, investment managers, and custodian bank. The investment staff's responsibilities include, but are not limited to, managing assets within the scope of DPFP's policies, implementing Board actions regarding asset allocation and investment managers, portfolio rebalancing, monitoring investment activities and performance, managing liquidity, performing investment manager due diligence, and coordinating manager searches and selection processes.

Asset Allocation

The asset allocation as of December 31, 2024 includes three broad asset categories: Equity, Fixed Income and Real Assets. The broad asset categories are further categorized into 13 separate asset classes. Variances from long-term allocation targets may be significant but are expected to gradually diminish over time. Rebalancing ranges have been established to accommodate current variances from target and will be tightened over time as appropriate. The asset allocation as of December 31, 2024, is as follows:

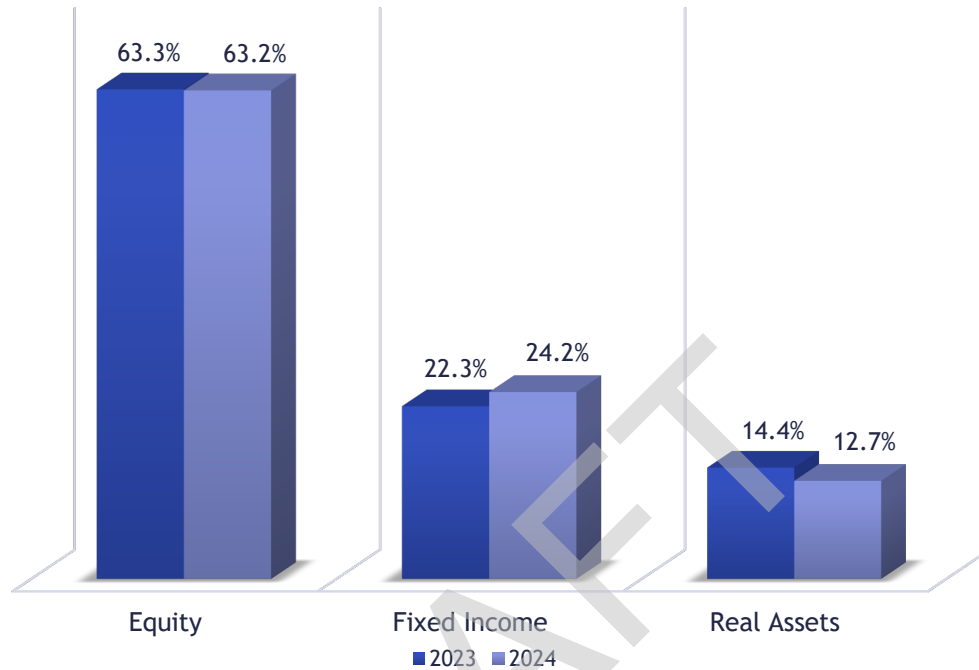
ASSET CATEGORY/CLASS	CURRENT ALLOCATION*	TARGET ALLOCATION
Equity	63.2%	65%
Global Equity	49.9%	55%
Emerging Markets Equity	3.9%	5%
Private Equity	9.4%	5%
Fixed Income	24.2%	25%
Cash	3.5%	3%
Short-Term Investment Grade Bonds	6.1%	6%
Investment Grade Bonds	4.0%	4%
Bank Loans	4.2%	4%
High Yield Bonds	3.4%	4%
Emerging Markets Debt	2.9%	4%
Private Debt	0.1%	0%
Real Assets	12.7%	10%
Real Estate	7.4%	5%
Natural Resources	4.3%	5%
Infrastructure	1.0%	0%

*Numbers may not total to 100% due to rounding.

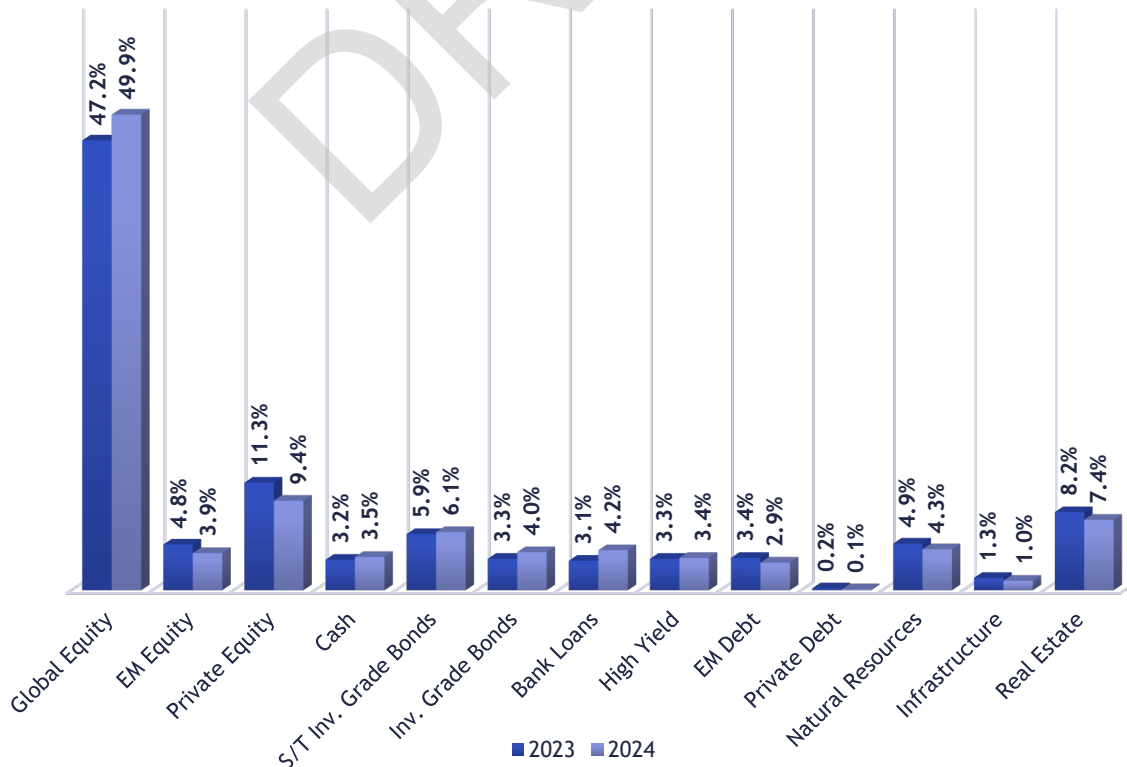
In 2024, the Global Equity asset class continued to move closer to its target due to strong equity returns and the reallocation of proceeds from private asset distributions. All private market asset classes aside from Natural Resources (Private Equity, Private Debt, Real Estate and Infrastructure) ended the year above their respective target allocations. The overall Private Markets allocation dropped from 25.1% at year-end 2023 to 22.2% at year-end 2024.

The following graphs reflect the portfolio allocation as of December 31, 2023 and 2024 by broad asset category and asset class.

Asset Allocation by Broad Asset Category

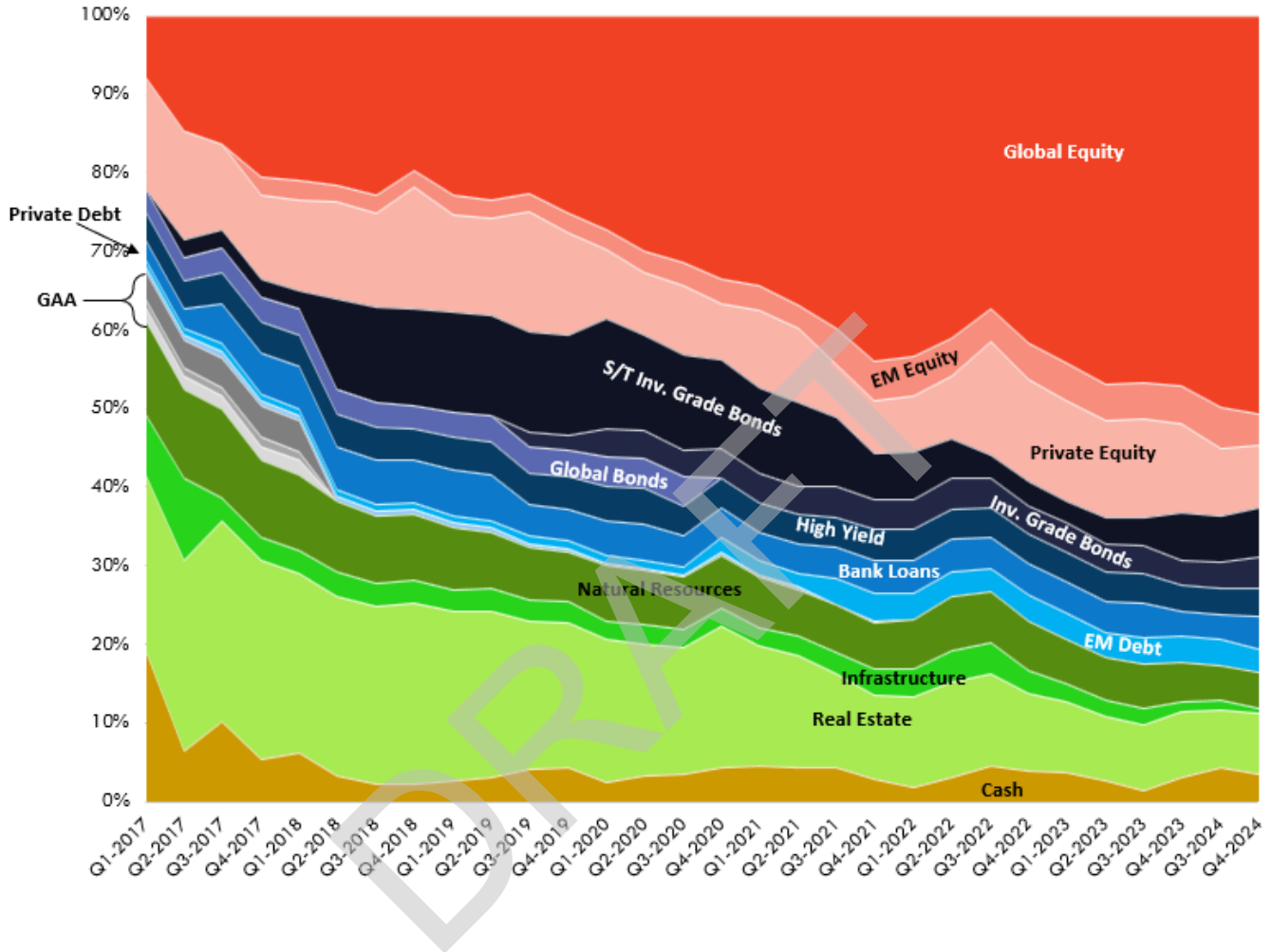


Asset Allocation by Asset Class



Over the past several years, DPFP has been focused on transitioning private market proceeds into a greater allocation to public markets. The graph below reflects the asset allocation changes since 2017, on a quarterly basis.

Asset Allocation Evolution



Investment Management Fees and Brokerage Commissions

Investment management fees included in the Administrative, Investment and Professional Services Expenses supplementary schedule in the Financial section of this report represent only those fees paid directly by DPFP. In addition to the fees paid directly, DPFP incurs investment management fees which are charged by general partners or investment managers at the fund level. Fees charged at the fund level are typically seen in public equity and fixed income commingled funds or private equity, private debt, and infrastructure funds. DPFP considers any incentive, performance, or disposition fees paid directly to the investment manager as management fees and, therefore, these are included in the table below. The below table presents all fees paid in 2024, net of any rebates or discounts received (dollars in thousands).

ASSET CLASS	MANAGEMENT FEES PAID FROM THE GROUP TRUST	MANAGEMENT FEES PAID AT FUND LEVEL	TOTAL INVESTMENT MANAGEMENT FEES	2024 AVERAGE MARKET VALUE	TOTAL MANAGEMENT FEES PAID AS A % OF AVERAGE MARKET VALUE
Equity	\$ 3,548	\$ 1,169	\$ 4,717	\$ 1,275,255	0.37%
Fixed Income	683	381	1,064	445,369	0.24%
Real Assets	1,792	437	2,229	272,309	0.82%
TOTAL	\$ 6,023	\$ 1,987	\$ 8,010	\$ 1,992,933	0.40%

In 2019, the Texas Legislature passed Senate Bill 322 which modified Section 802.103 of the Texas Government Code to require a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system during the previous fiscal year for the sale, purchase, or management of system assets. DPFP has included all management fees as outlined above. Brokerage Fees and Commissions include brokerage commissions for public debt and equity securities that are held directly by DPFP through our custody bank and all third-party brokerage commissions paid on wholly-owned private assets. Carried Interest includes any preferred return paid to an investment manager, which is typical in private equity structures. Other Investment Expenses includes consultant, custodian, legal, valuation, and other expenses that are paid directly by DPFP and related to the operation and management of the investment portfolio. For the purposes of Section 802.103, these investment expenses are not allocated to specific asset classes and are considered DPFP Plan Level expenses.

ASSET CLASS	INVESTMENT MANAGEMENT FEES	BROKERAGE FEES OR COMMISSIONS	CARRIED INTEREST	OTHER INVESTMENT EXPENSES	TOTAL OF ALL FEES AND EXPENSES
Equity	\$ 4,675	\$ 385	\$ -	\$ -	\$ 5,060
Fixed Income	1,064	-	-	-	1,064
Real Assets	2,229	109	-	-	2,338
Alternatives (Private Equity)	42	-	-	-	42
DPFP Plan Level	-	-	-	1,537	1,537
TOTAL	\$ 8,010	\$ 494	\$ -	\$ 1,537	\$ 10,041

DALLAS POLICE & FIRE PENSION SYSTEM

Below is a breakdown of DPFP Plan Level investment expenses by category:

OTHER INVESTMENT EXPENSES (000's)

Custodial	\$	215
Investment Level Valuation & Audit		478
Research		43
Consulting and Reporting		568
Legal		111
Tail-end Advisory		67
Tax		48
Other		7
TOTAL	\$	1,537

During 2024, DPFP incurred approximately \$385 thousand in brokerage fees and commissions on only public securities paid through managers to trade a total of approximately 13.4 million shares. This represents an average cost of \$0.029 per share traded.

BROKERAGE FIRM	NUMBER OF SHARES TRADED (000'S)	TOTAL FEES AND COMMISSIONS (000's)	FEES AND COMMISSIONS PER SHARE
J.P. Morgan Securities Limited	1,859	\$ 59	\$ 0.032
Goldman Sachs New York	803	18	0.023
Morgan Stanley And Co Inc	631	21	0.033
UBS AG (London Equities), London	486	11	0.023
Barclays Bank London	461	16	0.034
Piper Jaffray & Co.	419	10	0.023
SunTrust Capital Markets Inc	355	8	0.023
BNP Paribas Security Svcs, London	353	9	0.024
Cowen And Company, LLC	318	7	0.023
Jefferies & Company, Inc.	286	8	0.027
All Other Firms	7,408	218	0.029
TOTAL	13,379	\$ 385	\$ 0.029

Largest Public Equity and Fixed Income Holdings

The below tables contain the ten largest public equity and fixed income securities owned as of December 31, 2024. A full list of securities owned is available upon written request.

PUBLIC EQUITY ISSUER	MARKET VALUE (000's)	% OF PUBLIC EQUITY
Taiwan Semiconductor Manufacturing	\$ 20,293	1.81%
Nvidia	19,722	1.76%
Apple	18,217	1.63%
Microsoft	14,355	1.28%
AppLovin	10,868	0.97%
Alphabet	9,991	0.89%
Amazon	9,868	0.88%
Visa	9,250	0.83%
Intuitive Surgical	7,297	0.65%
Novo Nordisk	7,055	0.63%

PUBLIC FIXED INCOME ISSUER	MATURITY	INTEREST RATE	MARKET VALUE (000's)
United States of America Notes Fixed	08/15/2027	3.75%	\$ 11,097
United States of America Notes Fixed	07/31/2026	4.375%	9,923
United States of America Notes Fixed	02/15/2030	1.50%	5,178
United States of America Notes Fixed	06/15/2027	4.625%	5,077
United States of America Notes Fixed	04/15/2027	4.50%	4,692
United States of America Notes Fixed	11/15/2031	1.375%	4,015
United States of America Bond Fixed	05/15/2050	1.25%	3,360
United States of America Bond Fixed	11/15/2041	2.00%	2,841
United States of America Notes Fixed	02/15/2033	3.50%	2,774
United States of America Notes Fixed	06/30/2027	3.25%	2,759

Investment Managers

Assets under management during 2024

AEW Capital Management	Lone Star Investment Advisors
Alvarez & Marsal	Loomis, Sayles & Company
Aristotle Pacific Capital	Manulife Asset Management
Boston Partners Global Investors	MetLife Investment Management
BTG Pactual Asset Management	Northern Trust
Clarion Partners	RBC Global Asset Management
Eastern Shore Capital Management	Russell Investments
Global Alpha Capital Management	Riverstone Credit Partners
Income Research and Management	The Rohatyn Group
Industry Ventures	Walter Scott & Partners Limited
JPMorgan Asset Management	WCM Investment Management
Longfellow Investment Management Company	W.R. Huff Asset Management

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20 ACTUARIAL 0 INFORMATION



Actuary's Report



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October 20, 2025

Board of Trustees
Dallas Police & Fire Pension System
4100 Harry Hines Blvd., Suite 100
Dallas, TX 75219

Re: Actuarial Valuations as of January 1, 2025

Dear Board Members:

At the request of the Dallas Police and Fire Pension System (DPFP), Segal has completed January 1, 2025 actuarial valuations for the Combined Pension Plan and the Supplemental Plan (the Plans). This letter certifies that the information contained in this report is accurate and fairly presents the actuarial position of the Plans as of the valuation date.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented also comply with the requirements of Texas state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board (GASB). The undersigned is an independent actuary and consultant. Mr. Williams is a Fellow of the Conference of Consulting Actuaries, Associate of the Society of Actuaries, Enrolled Actuary, and Member of the American Academy of Actuaries, and is experienced in performing valuations for large public retirement systems. He meets the Qualification Standards of the American Academy of Actuaries to render this opinion.

ACTUARIAL VALUATION

The primary purposes of the valuation reports are to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the Plans, and to analyze changes in the Plans' financial condition. In addition, this report provides information required in connection with Governmental Accounting Standards Board Statement No. 67 (GASB 67) and provides various summaries of the data. Valuations are prepared annually as of January 1 of each year, the first day of DPFP's plan year.

FINANCING OBJECTIVES

Combined Pension Plan

To determine the adequacy of the Combined Pension Plan's contribution levels, they are compared to the actuarially determined contribution (ADC) intended to be sufficient to pay the normal cost (the current year's cost) and to amortize the unfunded actuarial accrued liability (UAAL) as a level percentage of payroll over a set period. For the January 1, 2025 actuarial valuation, the ADC calculated will be payable in the City's fiscal year beginning October 1, 2026.

In accordance with the rule adopted by the Board of Trustees of the Pension System on August 8, 2024, pursuant to the requirements of Section 2.025 of Article 6243a-1 of Vernon's Revised Civil Statutes, the UAAL amortization period was changed to a closed, 30-year amortization as of January 1, 2023. The Board established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2,250,000,000 and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$1,330,588,874, with a three-year step up of the amortization payment, with the outstanding balance after three years to be amortized over a 27-year period on a level percent of pay basis. Beginning on January 1, 2024, future gains or losses each year are amortized over the same period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be amortized over a 20-year period. The effective amortization period as of January 1, 2025 is 28 years. For these calculations, payroll is assumed to increase 3.50% per year. For actuarial valuation purposes, Combined Plan assets are valued at actuarial value. Under the actuarial asset method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the actual and expected return on market value over a five-year period.

The Board monitors the margin or deficit between the actuarially determined recommended contribution and the City's contribution levels. The City's contributions fell short of the actuarially determined contribution for the plan year ended December 31, 2024, by \$48.6M or 20.5% of the actuarially determined contribution. The System and the actuary will monitor the contributions going forward.

Supplemental Plan

The City's contribution for the Supplemental Plan is determined with the actuarial valuation each year and is the sum of the normal cost and an amortization of the unfunded actuarial accrued liability (UAAL). In accordance with June 2020 amendments to the funding policy adopted by the System's Board, the UAAL amortization period was changed to a closed, 20-year amortization as of January 1, 2020. Effective January 1, 2021, future gains or losses each year are amortized over separate, closed, 10-year periods. The effective amortization period as of January 1, 2025 is 11 years. Amortization is on a level percentage of pay basis, with payroll assumed to increase 3.50% per year.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

Combined Pension Plan

As of January 1, 2025, the City's actuarially determined contribution for the Combined Pension Plan is a dollar amount equivalent to 52.70% of projected pay, payable beginning October 1, 2026. If the City pays the ADC as calculated every year, the System is projected to be fully funded by January 1, 2053, if actuarial assumptions are met in the aggregate. The changes implemented under HB3158, which became effective September 1, 2017, significantly improved projected plan funding over the long-term. Prior to these changes, the System had a projected insolvency. The Texas Pension Review Board is aware of the System's status and progress.

The proposed contributions outlined by the City are based on a closed amortization period of 30 years, established as of January 1, 2023, like the System's adopted rule. However, the maximum contributions proposed by the City are set through the Fiscal year ending September 30, 2054 and are based on a deterministic projection as of January 1, 2023 prepared by a third-party actuary. The projections do not take into account the actuarial assumptions that were first implemented in the January 1, 2025 actuarial valuation, following the most recent experience study. There is no allowance in the proposal for any future increases in the UAAL that may result due to experience losses, assumption changes, method changes or benefit changes. There is the potential for enormous risk associated with this proposed methodology and it is not recommended.

The funded ratio is equal to the ratio of the actuarial value of assets to the actuarial accrued liability. The Combined Pension Plan's funded ratio on an actuarial value basis increased from 32.02% to 32.21% between January 1, 2024 and January 1, 2025. The UAAL increased from \$3.89 billion to \$3.98 billion on an actuarial basis.

Supplemental Plan

The Supplemental Plan funded ratio increased from 40.81% to 46.97% between January 1, 2024 and January 1, 2025. This increase is primarily due to investment gains. The supplemental nature of this plan makes it more susceptible to fluctuations than a typical defined benefit plan. Also, Supplemental Plan assets are valued at market value, and investment gains and losses are recognized immediately. Although the funded ratio currently is low, City contributions to this Plan are calculated in such a way as to ensure that benefits will be funded. Further, as discussed previously, the funding policy was changed from an open, 10-year amortization of the UAAL to a closed, 20-year amortization with the January 1, 2020 valuation. Effective January 1, 2021, future gains or losses each year are amortized over separate, closed, 10-year periods. The closure of the amortization periods should accelerate progress towards 100% funding.

ASSUMPTIONS AND METHODS

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by DFP's actuary. The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in assumptions can materially change the liabilities, actuarially determined contribution rates, and funding periods.

All actuarial assumptions and methods are described under Section 4 of our actuarial valuation reports, and a summary is included in this Actuarial Information section as well. The assumptions and methods used for funding purposes conform to the Actuarial Standards of Practice, and we believe them to be internally consistent and reasonable.

The majority of the assumptions used in the January 1, 2025 actuarial valuation were adopted by the Board following a five-year experience review for the period ended December 31, 2024. We believe the actuarial assumptions and methods are internally consistent and are reasonable, based upon past experience and future expectations of the Plans.

Since the population of the Supplemental Plan is a subset of the Combined Pension Plan, and is too small to be independently credible, the valuation for the Supplemental Plan uses most of the same assumptions as the Combined Pension Plan. The explicit administrative expense assumption is set independently. Also, the Supplemental Plan uses market value for funding, with no smoothing of gains and losses.

¹ The January 1, 2023 valuation results have been restated to reflect the changes adopted by the Board of Trustees of the Pension System on August 8, 2024, pursuant to the requirements of Section 2.025 of Article 6243a-1 of Vernon's Revised Civil Statutes, which includes resetting the actuarial value of assets to the market value of assets as of January 1, 2023.

BENEFIT PROVISIONS

The current provisions are outlined in the Financial Information section of this Annual Comprehensive Financial Report (ACFR).

DATA

Member data for retired, active and inactive participants was supplied as of December 31, 2024 by the staff of DPFP. We have not subjected this data to any auditing procedures but have examined the data for reasonableness and consistency with the prior year's data. The staff also supplied asset and financial information as of December 31, 2024.

ANNUAL COMPREHENSIVE FINANCIAL REPORT SCHEDULES

Segal prepared the supporting schedules in this Actuarial Information section of the annual financial report, including:

- Historical Nominal Rates of Return
- Reconciliation of Unfunded Actuarial Accrued Liability
- Solvency Test
- Active Member Valuation Data
- Retirees and Beneficiaries Added to and Removed from Rolls
- Funding Progress

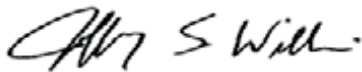
In addition, we prepared the following schedules in the Financial Information Section:

- Schedule of Changes in the Net Pension Liability
- Sensitivity of the Net Pension Liability to Changes in Discount Rate
- Schedule of Actuarially Determined Contributions

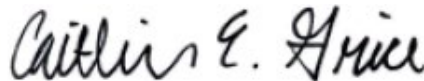
We would like to thank the Board, the Executive Director, and DPFP's staff for their assistance and input necessary to complete the actuarial valuations.

Respectfully submitted,

Segal



Jeffrey S. Williams, FCA, ASA, MAAA, EA
Vice President and Consulting Actuary



Caitlin E. Grice, FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Actuarial Information

Introduction

DPFP's Combined Pension Plan and Supplemental Plan are single-employer defined benefit plans. The Plans provide retirement, death and disability benefits. For the Combined Pension Plan, the 2.025 Plan requires the City to pay contributions based on an Actuarially Determined Contribution (ADC). An annual actuarial valuation is required to determine the ADC to be paid by the City, to describe the current financial condition of DPFP, and to analyze changes in DPFP's financial condition. The Supplemental Plan requires an annual actuarial valuation to determine the amount of the City's annual contribution as required by City ordinance.

Funding

Defined benefit plans represent a commitment to pay specific benefits to employees and their survivors. Refer to Note 1 in the Financial Section for a description of benefits. The benefit to employees and their survivors is usually much more than the combined contributions of the employee and the employer. Determining adequate funding requires making a variety of assumptions to ensure full payments can be made from the plan.

There are several actuarial assumptions necessary to estimate the amount of funding required to provide future benefits. Once the assumptions have been determined, the actuary must select a cost method to determine the amount of funding required for the committed benefits to be provided.

The Combined Pension Plan's funding ratio as of January 1, 2025 was 32.2% compared to 32% for January 1, 2024. Additionally, the Combined Pension Plan is projected to become fully funded by 2053, as of the January 1, 2025 valuation, no reduction from the prior year. The amortization period for the Combined Plan is a closed 30-year period.

The January 1, 2025 actuarial funding ratio for the Supplemental Plan was 47% compared to the prior year's funded ratio of 40.8%. The amortization period for the Supplemental Plan is based on a closed period of 20 years.

Additional information regarding plan changes, funding status, restatement of the January 1, 2023 valuation results, actuarial assumptions and asset values can be found in the Letter of Transmittal, MD&A, notes to the combining financial statements, Required Supplementary Information and the Financial and Investment sections.

Cost Method

Using an actuarial cost method requires estimating the ultimate cost of the plan. The ultimate cost of the plan includes all specific benefits that are committed to be paid, plus all administrative expenses, less any investment earnings realized over the life of the plan. As the exact ultimate cost of the plan cannot be determined until the last retired member of a plan dies, it must be actuarially estimated by forecasting the plan's expenses and investment return.

Assumptions must be made for all the years the plan is in existence, including the number of active members and beneficiaries who will retire, terminate service, or become disabled, the duration of retirement and disability payments, mortality rates, salary increases, DROP participation, inflation, and the long-term rate of return on investments. Administrative expenses must also be estimated.

Actuary's Report

The actuarial information that follows was determined using specific actuarial methods which have been described in general above. Such methods were applied to census data related to active members, retirees, and beneficiaries of DPFP as of January 1, 2025. Content throughout the Actuarial section has been obtained from reports provided by DPFP's external actuary for the periods noted. The Actuary's Report at page 99 is a summary from Segal regarding the January 1, 2025 valuations.

Actuarial Assumptions and Methods

The following assumption changes were adopted by the Board for use in the January 1, 2025 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2024.

The following assumptions were changed for the January 1, 2025 valuation:

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex.
- The mortality improvement rates were updated to be projected generationally with Scale MP-2021.
- The DROP retirement rates were updated to lowered age-based rates covering the same service age ranges for each group.
- The non-Drop retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lowered age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

The following assumptions were changed for the January 1, 2024 valuation:

- Effective January 1, 2023, the Board immediately recognized market value losses and reset the actuarial value of assets equal to the market value of assets.
- An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025.

The following assumptions were changed for the January 1, 2023 valuation:

- The assumed retirement rate for DROP actives was lowered from 100% to 75% after ten years in DROP.
- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.

The following assumptions were changed for the January 1, 2022 valuation:

- Administrative expense assumption was lowered to \$7 million from \$8.5 million.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073.

The following assumptions were changed for the January 1, 2021 valuation:

- The net investment return assumption was lowered from 7.0% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069.

The January 1, 2025 valuation projects the full funding of the plan at 28 years.

The actual expense for the employer's financial disclosure purposes is determined in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB No. 27*.

Member contributions for the Supplemental Plan are established by State statute. Per City ordinance, the City makes a contribution each year sufficient to pay for the annual normal cost of the Supplemental Plan, plus enough to amortize the Unfunded Actuarial Accrued Liability (UAAL) of the Supplemental Plan over a closed 20 years.

A summary of the actuarial assumptions and methods used in the January 1, 2025 actuarial valuation follows.

Investment Rate of Return: 6.50% per annum, compounded annually, net of investment expenses. This rate reflects an underlying inflation rate of 2.50%.

Discount Rate: 6.50% is the rate used to discount the liabilities.

Administrative Expenses: An explicit assumption of annual administrative expenses, including investment-related personnel costs has been added to the normal cost in the amount of the greater of \$7.0 million per year or 1% of Computation Pay for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan.

DALLAS POLICE & FIRE PENSION SYSTEM

Interest on DROP Accounts: 2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement. 0% on DROP accruals after September 1, 2017.

Salary Scale: Range of 3.5% to 14% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study report for the five-year period ended December 31, 2024.

In years 2025 and thereafter:

	OFFICERS	CORPORALS, DRIVERS, & SENIOR OFFICERS	SERGEANTS, LIEUTENANTS, CAPTAINS, MAJORS, DEPUTY CHIEFS, ASSISTANT CHIEFS & CHIEFS
Year	RATE (%)		
2025	10.00%	14.00%	10.00%
2026 and thereafter	Service based rates	Service based rates	Service based rates

SERVICE	RATE
0 - 2	8.00%
3 - 5	7.00%
6 - 8	6.00%
9 - 11	5.00%
12 - 14	4.00%
15 and thereafter	3.50%

Payroll Growth Rate: Total payroll is assumed to increase 3.50% per year.

Retirements-DROP active members: The percentage of the population assumed to retire at various ages in 2025 is as follows:

AGE	ANNUAL RATE OF RETIREMENT	
	Police	Fire
Under 52	0.00%	0.00%
52 - 56	11.00%	5.00%
57	20.00%	20.00%
58 - 59	20.00%	30.00%
60	30.00%	30.00%
61	30.00%	20.00%
62 - 64	10.00%	20.00%
65 and over	100.00%	100.00%

Note: 75% retirement rate after ten years in DROP.

Retirements-Non-DROP active members: The percentage of non-DROP members assumed to retire at various ages is as follows:

	MEMBERS WITH AT LEAST 20 YEARS OF SERVICE AS OF SEPTEMBER 1, 2017	MEMBERS WITH LESS THAN 20 YEARS OF SERVICE AS OF SEPTEMBER 1, 2017
AGE	ANNUAL RATE OF RETIREMENT	
Under 50	1.00%	1.00%
50 - 51	11.00%	4.00%
52 - 53	15.00%	4.00%
54 - 56	15.00%	7.00%
57 - 58	15.00%	8.00%
59 - 61	30.00%	8.00%
62	100.00%	100.00%

Note: 100% retirement rate once benefit multiplier hits 90% maximum.

Mortality Rates: The tables used for mortality assumptions are as follows:

Healthy Pre-retirement - Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females

Healthy annuitants and dependent spouses - Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females

Healthy contingent beneficiaries - Pub-2016 Public Safety Contingent Survivor Amount-Weighted Mortality Table, multiplied by 1.1 for males and multiplied by 1.25 for females

Disabled annuitants - Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males

All tables are projected generationally using Scale MP-2021.

Turnover: The assumed annual rates of turnover (withdrawal) differ by employee group, with higher rates assumed for police officers than for firefighters. Rates for each group are based on service and reflect recent experience as follows. Rates cut off at normal retirement age.

YEARS OF SERVICE	TURNOVER	
	Police	Fire
<1	15.00%	12.00%
1	9.00%	9.00%
2 - 4	6.50%	7.00%
5	4.00%	5.00%
6 - 7	4.00%	2.50%
8	2.00%	2.50%
9 - 10	2.00%	1.00%
11 - 20	1.50%	1.00%
21 - 24	1.00%	1.00%
25 and over	0.00%	0.00%

Disability Rates: The percentage of members assumed to leave active service due to disability at various ages is as follows. 100% of disabilities are assumed to be service-related.

AGE	DISABILITY RATE
20	0.004%
25	0.009%
30	0.014%
35	0.019%
40	0.024%
45	0.029%
50	0.034%

DROP Utilization: The DROP utilization factor is 0% for new entrants.

Family Composition: 75% of active members are assumed to be married, with the male assumed to be two years older than the female. The age of the youngest child is assumed to be 10 years.

Survivor Benefit Election: All married members are assumed to receive the non-reduced Joint and Survivor annuity form of payment. Non-married participants are assumed to have no beneficiaries and receive a Life Only annuity.

Assumed Post-Retirement Cost of Living: All members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the Consumer Price Index for All Urban Consumers (CPI-U All Items) in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the age at the time the member commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis with Normal Cost determined using the plan of benefits applicable to each participant. Actuarial Liability is allocated by salary.

Amortization Method: The Board adopted a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.250 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$1.331 billion, with a three-year step up of the amortization payment, with the outstanding balance after three years to be amortized over a 27-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actual gains and losses or plan, assumption, or method changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.

Asset Valuation Method: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

The Supplemental Plan actuarial value of assets is equal to the market value of assets.

Long-term Rate of Return on Plan Assets: The long-term rate of return on plan assets used to value the liabilities of the Plans is 6.50%. This assumption was last changed as of January 1, 2021 to better anticipate future expectations and the assumed inflation rate. Based on the asset allocation policy, expectations of future real rates of return and the expected investment expenses, a long-term rate of return of 6.50% is considered reasonable.

A summary of historical nominal rates of return is as follows:

YEAR ENDED DECEMBER 31,	ACTUARIAL VALUE INVESTMENT RETURN	MARKET VALUE INVESTMENT RETURN
2008	(6.14%)	(24.80%)
2009	12.29%	13.78%
2010	2.69%	10.72%
2011	0.43%	(1.78%)
2012	14.79%*	9.92%
2013	4.52%	7.70%
2014	(1.98%)	(5.35%)
2015	(24.03%)*	(8.47%)
2016	7.16%	6.82%
2017	6.63%	4.74%
2018	5.48%	2.09%
2019	5.05%	6.25%
2020	3.46%	(0.45%)
2021	4.68%	16.99%
2022	(9.75%)	(11.46%)
2023	7.98%*	13.90%
2024	8.91%	9.25%
5-year average return	0.21%	5.07%
10-year average return	(3.90%)	3.12%
15-year average return	(0.44%)	3.48%
17-year average return	0.01%	1.83%

Note: Each annual yield is weighted by the average asset value for that year.

** Includes effects of change in asset valuation method. As of December 31, 2012, the smoothing method was extended from 5 to 10 years. As of December 31, 2015, the actuarial value of assets was reset to market value and the smoothing method was altered from 10 to 5 years. As of January 1, 2023, the actuarial value of assets was reset to the market value of assets.*

Analysis of Financial Experience

An analysis of financial experience is a gain/loss analysis of changes in the actuarial accrued liability or unfunded actuarial accrued liability that considers variances between actual experience and assumed experience for different types of risk. Such analysis is as follows (in thousands):

COMBINED PENSION PLAN	
Unfunded actuarial accrued liability as of January 1, 2024	\$ 3,888,087
Normal cost at beginning of year	101,683
Total contributions	(256,553)
Total interest	251,084
Expected unfunded actuarial accrued liability as of January 1, 2024 (a)	3,984,301
Changes due to:	
Net experience loss	80,189
Plan provisions	-
Assumptions	(82,351)
Total changes (b)	(2,162)
Unfunded actuarial accrued liability at year end (a+b)	3,982,139
Actuarial accrued liability at beginning of year	5,719,380
Net (gain)/loss as a percentage of actuarial accrued liability at beginning of year	(0.038%)
SUPPLEMENTAL PLAN	
Unfunded actuarial accrued liability as of January 1, 2024	\$ 28,734
Normal cost at beginning of year	1,469
Total contributions	(4,552)
Total interest	1,817
Expected unfunded actuarial accrued liability as of January 1, 2024 (a)	27,468
Changes due to:	
Net experience gain ¹	(145)
Plan provisions	-
Assumptions	(1,525)
Total changes (b)	(1,670)
Unfunded actuarial accrued liability at year end (a+b)	25,798
Actuarial accrued liability at beginning of year	48,542
Net (gain)/loss as a percentage of actuarial accrued liability at beginning of year	(3.440%)

Note 1: Includes contribution gain due to employee contributions greater than expected.

Refer to the Financial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

Short-Term Solvency Test

A short-term solvency test is one means of checking a plan's progress under its funding program. In a short-term solvency test, the plan's valuation assets are compared with: 1) active member contributions on deposit; 2) the liabilities for future benefits to present retired lives; and 3) the liabilities for service already rendered by active members. In a plan that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will typically be fully covered by present assets. In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Liability 3 being fully funded is very rare. As a result of the decline in the actuarial value of assets as of January 1, 2016, the liabilities for future benefits to present retired lives is no longer fully covered by present assets. Solvency test results for the Plans for the last 10 years are as follows (dollars in thousands):

Combined Pension Plan

AGGREGATE ACCRUED LIABILITIES FOR								
	(1)	(2)	(3)					
Jan. 1 Valuation Date	Active Member Contribution	Retirees, Beneficiaries, and Vested Termination	Active Members (Employer Financed Portion)	Total Actuarial Accrued Liability	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets		
						(1)	(2)	(3)*
2016	\$ 290,395	\$ 3,385,527	\$ 2,271,252	\$ 5,947,174	\$ 2,680,124	100.0%	70.6%	0.0%
2017	284,871	2,734,837	1,347,472	4,367,180	2,157,800	100.0%	69.2%	0.0%
2018	280,965	3,018,210	1,206,262	4,505,437	2,151,039	100.0%	62.6%	0.0%
2019	292,370	3,129,484	1,072,969	4,494,823	2,161,900	100.0%	60.4%	0.0%
2020	317,954	3,301,584	1,104,434	4,723,972	2,160,126	100.0%	56.4%	0.0%
2021	352,376	3,528,182	1,235,408	5,115,966	2,127,834	100.0%	50.9%	0.0%
2022	382,199	3,579,251	1,197,332	5,158,782	2,117,978	100.0%	48.8%	0.0%
2023	410,982	3,595,364	1,242,669	5,249,015	2,053,388	100.0%	46.1%	0.0%
2024	443,981	3,810,443	1,464,956	5,719,380	1,831,293	100.0%	36.7%	0.0%
2025	490,230	3,741,121	1,643,120	5,874,471	1,892,332	100.0%	37.9%	0.0%

* The portion of accrued liabilities for active members (employer financed portion) is calculated as follows: $[Actuarial\ value\ of\ assets - (1) - (2)] / (3)$.

Short-Term Solvency Test (continued)

Supplemental Plan

AGGREGATE ACCRUED LIABILITIES FOR								
	(1)	(2)	(3)					
Jan. 1 Valuation Date	Active Member Contributions	Retirees, Beneficiaries, and Vested Termination	Active Members (Employer Financed Portion)	Total Actuarial Accrued Liability	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets		
						(1)	(2)	(3)*
2016	\$ 150	\$ 34,968	\$ 7,362	\$ 42,480	\$ 19,457	100.0%	55.2%	0.0%
2017	106	30,161	3,117	33,384	17,664	100.0%	58.2%	0.0%
2018	170	30,680	3,700	34,550	17,805	100.0%	57.5%	0.0%
2019	202	28,757	2,866	31,825	18,318	100.0%	63.3%	0.0%
2020	203	32,120	3,507	35,830	17,307	100.0%	53.5%	0.0%
2021	399	32,901	4,181	37,481	16,374	100.0%	48.7%	0.0%
2022	505	32,495	7,868	40,868	18,661	100.0%	55.39%	0.0%
2023	708	32,392	9,950	43,050	16,640	100.0%	49.3%	0.0%
2024	833	34,347	13,362	48,542	19,808	100.0%	55.2%	0.0%
2025	825	34,911	12,917	48,653	22,855	100.0%	63.1%	0.0%

* The portion of accrued liabilities for active members (employer financed portion) is calculated as follows: $[Actuarial\ value\ of\ assets - (1) - (2)] / (3)$.

Active Member Valuation Data

Combined Pension Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTIVE MEMBERS	ANNUAL COVERED PAYROLL	ANNUAL AVERAGE PAY	% CHANGE IN ANNUAL AVERAGE PAY
2016	5,415	\$ 365,210	\$ 67	(3.4%)
2017	5,104	357,414	70	3.8%
2018	4,952	346,037	70	(0.2%)
2019	5,012	363,117	72	3.8%
2020	5,121	396,955	78	7.0%
2021	5,106	427,441	84	8.0%
2022	5,088	436,971	86	2.6%
2023	5,085	462,820	91	6.0%
2024	5,131	469,276	91	0.5%
2025	5,356	544,095	102	11.1%

Supplemental Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTIVE MEMBERS	ANNUAL COVERED PAYROLL	ANNUAL AVERAGE PAY	% CHANGE IN ANNUAL AVERAGE PAY
2016	45	\$ 725	\$ 16	12.8%
2017	47	525	11	(30.6%)
2018	44	961	22	95.5%
2019	39	659	17	(22.6%)
2020	41	599	15	(13.5%)
2021	45	643	14	(2.2%)
2022	50	1,695	34	137.4%
2023	52	1,913	37	8.5%
2024	56	2,041	36	(0.9%)
2025	57	1,902	33	(8.4%)

Refer to the Financial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

Retirees and Beneficiaries Added to and Removed from Rolls

Consolidated Plans* (Dollars in Thousands)

Jan. 1 Valuation Date	ADDED TO PAYROLL		REMOVED FROM PAYROLL		TOTAL			
	Number	Annual Benefits	Number	Annual Benefits	Number**	Annual Benefits	Average Annual Benefits	% Change in Average Annual Benefits
2016	243	\$ 11,242	130	\$ 4,475	4,182	\$ 199,419	\$ 48	7.3%
2017	360	19,869	127	4,257	4,415	219,691	50	4.4%
2018	443	24,229	152	6,314	4,706	238,014	51	1.6%
2019	268	14,251	125	5,058	4,849	247,848	51	1.1%
2020	238	12,205	131	5,128	4,956	255,251	52	0.8%
2021	191	9,695	144	5,880	5,003	258,942	52	0.5%
2022	249	13,384	181	7,809	5,071	264,792	52	0.9%
2023	242	12,983	171	7,618	5,142	270,022	53	0.6%
2024	223	10,508	134	5,955	5,231	275,450	53	0.3%
2025	194	10,466	183	7,869	5,242	279,160	53	1.1%

* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

** Excludes beneficiaries who are annuity account holders but do not receive a monthly benefit.

Funding Progress

Combined Pension Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS (AVA)	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	AVA AS A PERCENTAGE OF AAL	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	FUNDING PERIOD (YEARS)
2016	\$ 2,680,124	\$ 5,947,174	\$ 3,267,050	45.1%	\$ 365,210	895%	Infinite
2017	2,157,800	4,367,180	2,209,381	49.4%	357,414	618%	44
2018	2,151,039	4,505,437	2,354,398	47.7%	346,037	680%	45
2019	2,161,900	4,494,823	2,332,923	48.1%	363,117	642%	38
2020	2,160,126	4,723,972	2,563,846	45.7%	396,955	646%	55
2021	2,127,834	5,115,966	2,988,132	41.6%	427,441	699%	63
2022	2,117,978	5,158,782	3,040,804	41.1%	436,971	696%	68
2023 ¹	1,806,567	5,249,015	3,442,447	34.4%	462,820	744%	82
2024	1,831,293	5,719,380	3,888,087	32.0%	469,276	829%	29
2025	1,892,332	5,874,471	3,982,139	32.2%	544,095	732%	28

Note 1: The Actuarial Value of Assets, the Unfunded AAL, the AVA as a percentage of AAL and the UAAL as a percentage of Annual Covered Payroll were restated with the January 1, 2024 valuation.

Supplemental Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS (AVA)	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	AVA AS A PERCENTAGE OF AAL	ANNUAL COVERED PAYROLL ¹	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	FUNDING PERIOD (YEARS)
2016	\$ 19,457	\$ 42,480	\$ 23,023	45.8%	\$ 725	3,178%	10
2017	17,664	33,384	15,720	52.9%	525	2,994%	10
2018	17,805	34,550	16,745	51.5%	961	1,743%	10
2019	18,318	31,825	13,507	57.6%	659	2,050%	10
2020	17,307	35,830	18,523	48.3%	599	3,091%	20
2021	16,374	37,481	21,107	43.7%	643	3,283%	17
2022	18,661	40,868	22,207	45.7%	1,695	1,310%	16
2023	16,640	43,050	26,409	38.7%	1,913	1,381%	14
2024	19,808	48,542	28,734	40.8%	2,041	1,408%	12
2025	22,855	48,653	25,798	47.0%	1,902	1,356%	11

Note 1: Total computation pay is the active members' actual payroll for the preceding year, increased by the salary scale applicable for each member to account for their anticipated increases in the upcoming year.

Refer to the Financial Section and the Actuarial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

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Statistical Information

Introduction

The Statistical section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to the financial statements, and required supplementary information to understand and assess the economic condition of DPFP. The schedules within the Statistical section reflect financial trends and operating information. All information was derived from the audited annual financial statements, actuarial valuation reports, and/or DPFP's pension administration database. Refer to Note 1 in the Financial Section for additional information about the benefits.

Financial Trends

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position of DPFP over time.

The Changes in Fiduciary Net Position schedule presents member and employer contributions and the net investment income/loss and administrative expenses to arrive at the net increase/decrease to changes in plan net assets for the 10 years ending December 31, 2024.

The Distributions by Type schedules present the amount of monthly benefit payments and DROP distributions by type for the 10 years ending December 31, 2024.

The DROP Growth schedule presents the changes in interest rate credited to DROP balances, the amounts deferred into and interest credited to DROP balances, DROP withdrawals, the DROP balances annuitized in accordance with Article 6243a-1 and the change in DROP balances year over year. In addition, the annual annuity payments as well as the present value of the annuity balances are presented.

Operating Information

Operating information is intended to provide contextual information about the operations and resources of DPFP to assist readers in understanding and assessing the economic condition of DPFP.

The schedule of Benefit Recipients by Type presents, for given benefit ranges, the total number of benefit recipients by retirement type as of December 31, 2024.

The schedule of Yearly Retirements by Service Years presents, in five-year increments of credited service, the average monthly benefit, the average final average salary, and the number of retirements for the 10 years ending December 31, 2024.

The Benefits Payable schedules present the number of retired members and beneficiaries by status type, as well as the total annual benefits paid and average annual benefit by status type as of December 31, 2024.

The Value of Assets vs. Funded Ratio schedules present the actuarial and market values of assets and the related funded ratios for the 10 years ending December 31, 2024.

The Membership Count schedules reflect the number of members by status type for the 10 years ending December 31, 2024.

The DROP Participation schedule reflects a roll forward of the number of DROP participants and DROP balance and present value of the annuity balance for the 10 years ending December 31, 2024.

Throughout this Statistical section, certain schedules include a combination of data for both the Combined Pension Plan and the Supplemental Plan, jointly referred to as the Consolidated Plans. The combination of the two plans for certain data is necessary due to the small number of Supplemental Plan members and the need to maintain confidentiality of members' personal data.

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Changes in Fiduciary Net Position

Combined Pension Plan (In Millions)

YEARS ENDED DECEMBER 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Additions (Reductions)										
Contributions										
City	\$ 188.6	\$ 172.0	\$ 169.9	\$ 165.5	\$ 162.0	\$ 155.7	\$ 149.4	\$ 126.3	\$ 119.4	\$ 114.9
Members	68.0	62.5	59.7	58.6	57.3	52.3	49.3	33.0	25.5	25.7
Total contributions	256.6	234.5	229.6	224.1	219.3	208.0	198.7	159.3	144.9	140.6
Investment income (loss)										
Net appreciation (depreciation) in fair value of investments	156.3	180.0	(255.7)	303.4	(30.4)	94.2	5.5	74.8	121.5	(298.8)
Interest and dividends	25.0	22.2	21.2	28.4	29.6	37.7	44.7	30.9	54.4	72.9
Total gross investment income (loss)	181.3	202.2	(234.5)	331.8	(0.8)	131.9	50.2	105.7	175.9	(225.9)
Less: Investment expense	(7.5)	(6.5)	(8.6)	(11.1)	(8.4)	(8.1)	(8.0)	(9.0)	(17.7)	(10.0)
Net investment income (loss)	173.8	195.7	(243.1)	320.7	(9.2)	123.8	42.2	96.7	164.2	(235.9)
Securities lending income	-	-	-	-	1.0	0.8	0.3	0.2	0.7	0.7
Securities lending expense	-	-	-	-	(1.0)	(0.7)	(0.2)	(0.1)	(0.3)	(0.2)
Net securities lending income	-	-	-	-	-	0.1	0.1	0.1	0.4	0.5
Other income	0.5	47.3	2.3	0.3	0.3	0.3	0.5	2.1	0.2	0.1
Total additions (reductions)	430.9	477.5	(11.2)	545.1	210.4	332.2	241.5	258.2	309.7	(94.7)
Deductions										
Benefits paid to members	341.8	338.0	329.2	321.3	315.7	307.2	294.4	292.6	821.7	283.2
Refunds paid to members	5.1	5.3	4.4	3.3	2.3	2.6	2.6	3.6	3.4	1.8
Interest expense	-	-	-	-	-	-	-	1.3	4.5	6.0
Professional and administrative expenses	7.4	6.0	6.4	6.4	6.5	6.5	5.9	8.1	9.5	8.4
Total deductions	354.3	349.3	340.0	331.0	324.5	316.3	302.9	305.6	839.1	299.4
Net increase (decrease) in net position	76.6	128.2	(351.2)	214.1	(114.1)	15.9	(61.4)	(47.4)	(529.4)	(394.1)
Net position restricted for pension benefits										
Beginning of period	1,934.8	1,806.6	2,157.8	1,943.7	2,057.8	2,041.9	2,103.3	2,150.7	2,680.1	3,074.2
End of period	\$ 2,011.4	\$ 1,934.8	\$ 1,806.6	\$ 2,157.8	\$ 1,943.7	\$ 2,057.8	\$ 2,041.9	\$ 2,103.3	\$ 2,150.7	\$ 2,680.1

Changes in Fiduciary Net Position

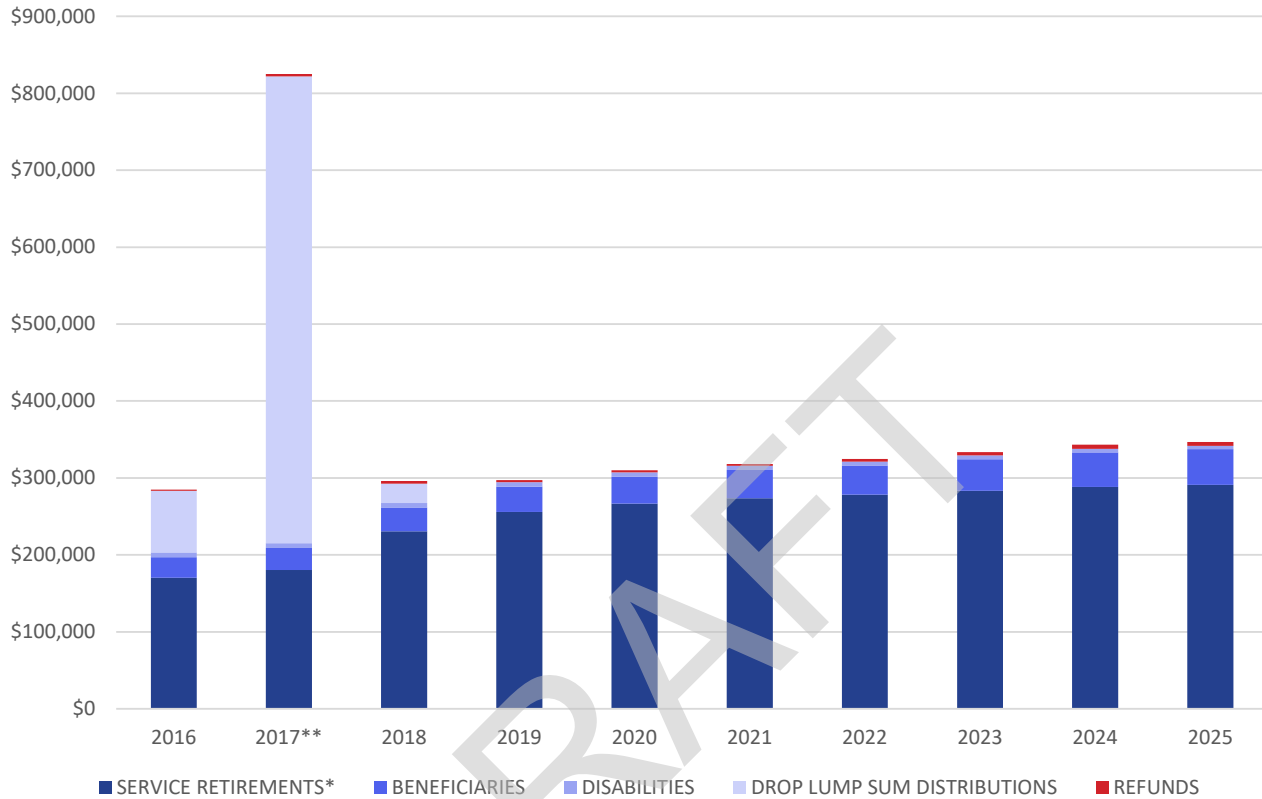
Supplemental Plan (In Millions)

YEARS ENDED DECEMBER 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Additions (Reductions)										
Contributions										
City	\$ 4.2	\$ 3.7	\$ 2.8	\$ 2.1	\$ 1.8	\$ 1.5	\$ 2.0	\$ 2.0	\$ 3.1	\$ 2.5
Members	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	-	-
Total contributions	4.5	4.0	3.0	2.3	2.0	1.6	2.1	2.1	3.1	2.5
Investment income (loss)										
Net appreciation (depreciation) in fair value of investments	1.7	1.6	(2.3)	2.6	(0.3)	(0.1)	0.9	0.5	0.8	(2.1)
Interest and dividends	0.3	0.2	0.2	0.3	0.3	0.3	0.4	0.3	0.4	0.5
Total gross investment income (loss)	2.0	1.8	(2.1)	2.9	-	0.2	1.3	0.8	1.2	(1.6)
Less: Investment expense	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)
Net investment income (loss)	1.9	1.7	(2.2)	2.8	(0.1)	0.2	1.2	0.7	1.1	(1.7)
Securities lending income	-	-	-	-	-	-	-	-	-	-
Securities lending expense	-	-	-	-	-	-	-	-	-	-
Net securities lending income	-	-	-	-	-	-	-	-	-	-
Other income	-	0.5	-	-	-	-	-	-	-	-
Total additions (reductions)	6.4	6.2	0.8	5.1	1.9	1.8	3.3	2.8	4.2	0.8
Deductions										
Benefits paid to members	3.2	2.9	2.8	2.8	2.8	2.8	2.7	2.7	5.9	2.6
Refunds paid to members	0.1	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Professional and administrative expenses	0.1	0.1	0.1	-	-	-	0.1	-	0.1	0.1
Total deductions	3.4	3.0	2.9	2.8	2.8	2.8	2.8	2.7	6.0	2.7
Net increase (decrease) in net position	3.0	3.2	(2.1)	2.3	(0.9)	(1.0)	0.5	0.1	(1.8)	(1.9)
Net position restricted for pension benefits										
Beginning of period	19.8	16.6	18.7	16.4	17.3	18.3	17.8	17.7	19.5	21.4
End of period	\$ 22.8	\$ 19.8	\$ 16.6	\$ 18.7	\$ 16.4	\$ 17.3	\$ 18.3	\$ 17.8	\$ 17.7	\$ 19.5

Distributions by Type

Combined Pension Plan (In Thousands)

January 1 Valuation Date



JAN. 1 VALUATION	SERVICE RETIREMENTS*	BENEFICIARIES	DISABILITIES	DROP LUMP SUM DISTRIBUTIONS	REFUNDS	TOTAL
2016	\$ 170,323	\$ 26,559	\$ 6,335	\$ 80,000	\$ 1,786	\$ 285,003
2017**	180,577	28,392	6,340	606,429	3,354	825,092
2018	230,774	30,706	6,154	24,942	3,578	296,154
2019	255,664	32,954	5,806	23	2,634	297,081
2020	266,578	35,026	5,609	31	2,617	309,861
2021	273,752	36,580	5,330	13	2,276	317,951
2022	278,106	38,053	5,153	36	3,285	324,633
2023	283,279	41,079	4,804	26	4,450	333,638
2024	288,188	45,133	4,697	17	5,310	343,345
2025	291,105	46,360	4,344	-	5,125	346,934

*Includes monthly DROP annuity payments.

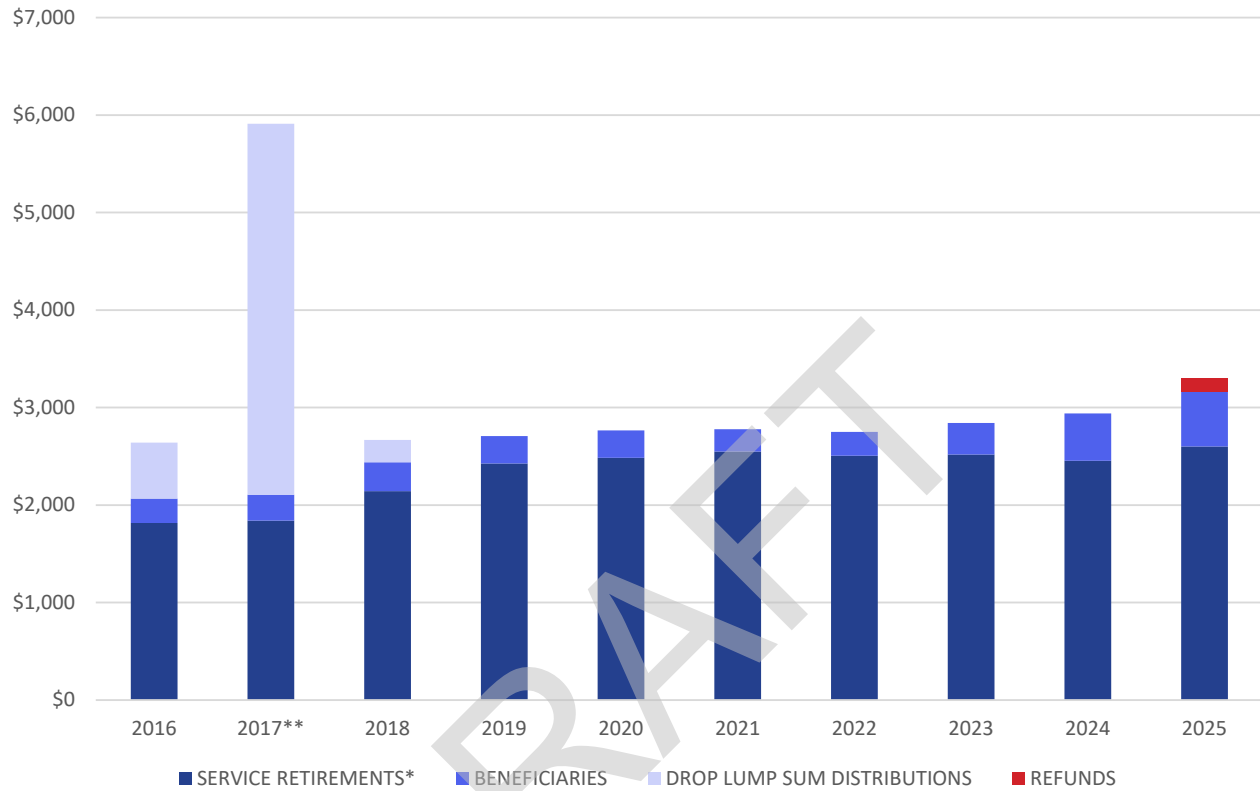
**The January 1, 2017 valuation date data reflects the \$600 million withdrawal from DROP accounts from the Combined and Supplemental Plans that occurred during the funding crisis.

DALLAS POLICE & FIRE PENSION SYSTEM

Distributions by Type (continued)

Supplemental Plans (In Thousands)

January 1 Valuation Date



JAN. 1 VALUATION DATE	SERVICE RETIREMENTS	BENEFICIARIES	DROP LUMP SUM DISTRIBUTIONS	REFUNDS	TOTAL
2016	\$ 1,817	\$ 251	\$ 572	\$ -	\$ 2,640
2017**	1,841	266	3,805	-	5,912
2018	2,143	295	230	-	2,668
2019	2,428	280	-	-	2,708
2020	2,486	279	-	-	2,765
2021	2,549	228	-	-	2,777
2022	2,506	244	-	-	2,750
2023	2,519	324	-	-	2,843
2024	2,453	488	-	-	2,941
2025	2,602	564	-	136	3,302

*Includes monthly DROP annuity payments.

**The January 1, 2017 valuation date data reflects the \$600 million withdrawal from DROP accounts from the Combined and Supplemental Plans that occurred during the funding crisis.

DROP Changes

Consolidated Plans* (Dollars in Thousands)

JAN. 1 VALUATION DATE	INTEREST RATE CREDITED	DEFERRALS	INTEREST CREDITED	WITHDRAWAL	ADJUSTMENTS	CHANGE	BALANCE	ANNUITY PAYMENTS	ANNUITY BALANCE
2016	7.00%	\$ 96,510	\$ 110,060	\$ (112,552)	\$ -	\$ 94,018	\$ 1,516,615	\$ -	\$ -
2017	6.00%	89,533	92,986	(637,993)	-	(455,473)	1,061,168	-	-
2018 ¹	6.00%/0.00% ²	18,293 ³	40,616 ²	(876,365) ⁴	-	(817,456)	243,712	(8,819)	817,106
2019	0.00%	26,029 ⁵	(1) ⁶	(75,634)	-	(49,606)	194,106	(53,299)	832,816
2020	0.00%	21,184	(1) ⁶	(50,005)	(9,804)	(38,626)	155,480	(57,183)	887,294
2021	0.00%	17,876	-	(36,847)	23	(18,948)	136,532	(61,346)	873,717
2022	0.00%	14,924	-	(35,504)	(1,910)	(22,490)	114,042	(62,800)	870,548
2023	0.00%	11,795	-	(26,297)	(1,157)	(15,659)	98,383	(64,383)	851,477
2024	0.00%	10,244	-	(18,823)	(408)	(8,987)	89,396	(65,665)	819,014
2025	0.00%	9,309	-	(19,218)	-	(9,909)	79,487	(66,502)	795,013

* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

¹ 2018 reflects the changes to the DROP program as a result of HB 3158.

² Interest was credited at 6% until August 31, 2017. Interest does not accrue beginning September 1, 2017. DROP balances accrued prior to September 1, 2017 are annuitized with interest upon retirement or at the initial annuitization date of November 30, 2017 for those already retired. Balances accrued after September 1, 2017 are annuitized upon retirement with no interest.

³ Includes \$45,413 in Deferrals and \$27,120 in DROP Revocations.

⁴ Includes withdrawals of \$56,421 and DROP balance annuitization of \$819,944.

⁵ Includes \$26,934 in deferrals and \$905 in DROP revocations.

⁶ Interest is due to DROP corrections prior to September 1, 2017.

Benefit Recipients by Type

Consolidated Plans* (As of December 31, 2024)

MONTHLY BENEFIT RANGE	TOTAL NUMBER OF BENEFITS	SERVICE RETIREMENTS	DISABILITIES	BENEFICIARIES	NON-ACTIVE VESTED	ACTIVE DROP
\$0 - \$500	64	16	1	46	-	1
\$501 - \$1,000	283	77	-	92	113	1
\$1,001 - \$1,500	279	87	1	126	61	4
\$1,501 - \$2,000	305	89	1	179	32	4
\$2,001 - \$2,500	446	88	9	335	9	5
\$2,501 - \$3,000	311	157	17	115	14	8
\$3,001 - \$3,500	275	183	20	61	3	8
\$3,501 - \$4,000	406	327	26	38	5	10
\$4,001 - \$4,500	500	414	11	53	3	19
\$4,501 - \$5,000	523	461	4	46	-	12
\$5,001 - \$5,500	515	461	1	34	-	19
\$5,501 - \$6,000	499	448	5	31	-	15
\$6,001 - \$6,500	390	345	-	22	-	23
\$6,501 - \$7,000	362	312	-	31	-	19
\$7,001 - \$7,500	250	225	2	7	-	16
\$7,501 - \$8,000	149	121	-	7	-	21
\$8,001 - \$8,500	78	72	-	2	-	4
Over \$8,500	42	34	-	2	-	6
Total	5,677	3,917	98	1,227	240	195

* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

Yearly Retirements by Service Years

Consolidated Plans* (Monthly Benefit) (As of December 31st)

YEARS OF SERVICE								
	0-5	6-10	11-15	16-20	21-25	26-30	30+	TOTAL
2015								
Retirements***	-	4	12	23	55	40	8	142
Avg. FAS**	\$ -	\$ 4,142	\$ 3,101	\$ 2,649	\$ 3,898	\$ 4,947	\$ 791	\$ 3,756
Avg. benefit	\$ -	\$ 1,277	\$ 1,456	\$ 1,840	\$ 3,360	\$ 5,383	\$ 1,807	\$ 3,376
2016								
Retirements	2	8	15	66	125	69	4	289
Avg. FAS	\$ 6,566	\$ 1,455	\$ 2,954	\$ 1,454	\$ 4,622	\$ 6,208	\$ 5,553	\$ 4,129
Avg. benefit	\$ 1,220	\$ 586	\$ 1,270	\$ 1,024	\$ 3,851	\$ 6,841	\$ 5,882	\$ 3,705
2017								
Retirements	1	11	15	77	171	83	3	361
Avg. FAS	\$ 6,403	\$ 2,873	\$ 2,741	\$ 2,121	\$ 4,572	\$ 6,628	\$ 5,938	\$ 4,410
Avg. benefit	\$ 2,041	\$ 882	\$ 1,349	\$ 1,350	\$ 3,736	\$ 6,677	\$ 7,488	\$ 3,743
2018								
Retirements	1	2	9	38	79	54	2	185
Avg. FAS	\$ 2,883	\$ 2,191	\$ 3,248	\$ 1,557	\$ 4,416	\$ 6,676	\$ 7,463	\$ 4,432
Avg. benefit	\$ 575	\$ 450	\$ 1,490	\$ 980	\$ 3,525	\$ 6,230	\$ 7,377	\$ 3,685
2019								
Retirements	3	5	7	28	64	50	2	159
Avg. FAS	\$ 3,789	\$ 1,563	\$ 2,044	\$ 2,499	\$ 4,468	\$ 6,626	\$ 6,769	\$ 4,618
Avg. benefit	\$ 898	\$ 426	\$ 882	\$ 1,612	\$ 3,593	\$ 6,160	\$ 5,092	\$ 3,800
2020								
Retirements	2	4	5	20	52	28	20	131
Avg. FAS	\$ 3,002	\$ 4,612	\$ 3,601	\$ 3,504	\$ 4,956	\$ 7,186	\$ 7,179	\$ 5,458
Avg. benefit	\$ 641	\$ 1,262	\$ 2,320	\$ 2,136	\$ 3,821	\$ 6,221	\$ 6,681	\$ 4,329
2021								
Retirements	4	6	8	28	45	46	29	166
Avg. FAS	\$ 3,257	\$ 2,977	\$ 3,008	\$ 2,516	\$ 5,521	\$ 7,241	\$ 7,659	\$ 5,597
Avg. benefit	\$ 573	\$ 654	\$ 1,183	\$ 1,460	\$ 3,973	\$ 6,340	\$ 7,001	\$ 4,397
2022								
Retirements	4	5	6	36	39	33	36	159
Avg. FAS	\$ 3,106	\$ 3,731	\$ 4,483	\$ 3,089	\$ 7,645	\$ 8,547	\$ 7,898	\$ 6,501
Avg. benefit	\$ 615	\$ 889	\$ 1,893	\$ 1,732	\$ 5,418	\$ 7,052	\$ 7,281	\$ 4,948
2023								
Retirements	2	6	10	18	49	29	29	143
Avg. FAS	\$ 3,814	\$ 4,461	\$ 6,080	\$ 7,006	\$ 7,214	\$ 8,084	\$ 8,027	\$ 7,287
Avg. benefit	\$ 629	\$ 1,156	\$ 2,490	\$ 3,962	\$ 5,143	\$ 6,565	\$ 7,271	\$ 5,298
2024								
Retirements	2	7	11	16	31	36	15	118
Avg. FAS	\$ 3,720	\$ 4,650	\$ 5,696	\$ 6,795	\$ 7,316	\$ 8,537	\$ 7,869	\$ 7,318
Avg. benefit	\$ 625	\$ 1,513	\$ 2,782	\$ 4,126	\$ 4,968	\$ 7,222	\$ 7,385	\$ 5,367

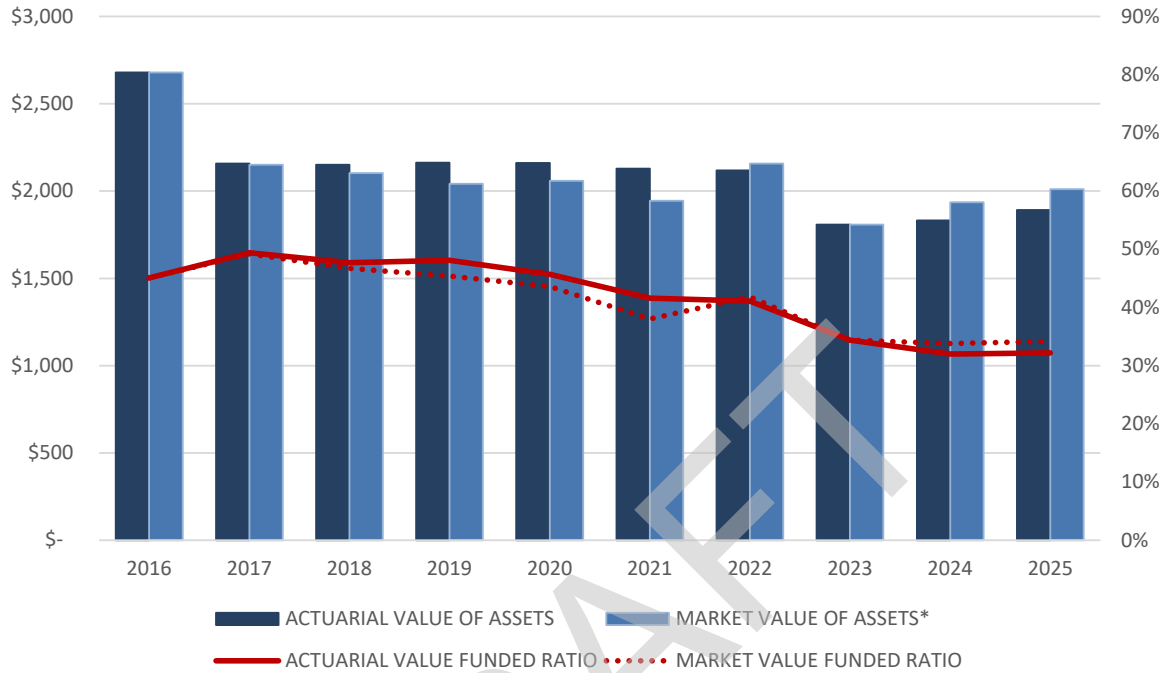
* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

**FAS: Final average salary

***Retirements include non-active vested members who have begun receiving a monthly benefit.

Value of Assets vs. Funded Ratio

Combined Pension Plan (Dollars in Millions)



JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS	MARKET VALUE OF ASSETS*	ACTUARIAL VALUE FUNDED RATIO	MARKET VALUE FUNDED RATIO
2016	\$ 2,680	\$ 2,680	45.1%	45.1%
2017	2,158	2,150	49.4%	49.2%
2018	2,151	2,103	47.7%	46.7%
2019	2,162	2,042	48.1%	45.4%
2020	2,160	2,058	45.7%	43.6%
2021	2,128	1,944	41.6%	38.0%
2022	2,118	2,158	41.1%	41.8%
2023	1,807	1,807	34.4%	34.4%
2024	1,831	1,935	32.0%	33.8%
2025	1,892	2,011	32.2%	34.2%

* The market value of assets is per the actuarial valuation report as of the valuation date. This value may differ immaterially from the audited market value for the prior December 31 due to timing of adjustments made to valuations after the finalization of the actuarial valuation report.

**As of December 31, 2015 and January 1, 2023, the actuarial value of assets were reset to the market value of assets.

Value of Assets vs. Funded Ratio (continued)

Supplemental Plan (Dollars in Millions)



JAN. 1 VALUATION DATE	VALUE OF ASSETS*	FUNDED RATIO
2016	\$ 19	45.8%
2017	18	52.9%
2018	18	51.5%
2019	18	57.6%
2020	17	48.3%
2021	16	43.7%
2022	19	45.7%
2023	17	38.7%
2024	20	40.8%
2025	23	47.0%

* The value of assets represents both the market value of assets and the actuarial value of assets.

DALLAS POLICE & FIRE PENSION SYSTEM

Membership Count

Combined Pension Plan

JAN. 1 VALUATION DATE	ACTIVE (EXCLUDING DROP)	ACTIVE DROP	RETIREEES	BENEFICIARIES	NON-ACTIVE VESTED	NON-ACTIVE NON-VESTED	TOTAL
2016	4,077	1,338	3,115	1,115	200	126	9,971
2017	4,002	1,102	3,338	1,118	215	295	10,070
2018	4,326	626	3,598	1,158	226	399	10,333
2019	4,529	483	3,717	1,202	230	431	10,592
2020	4,738	383	3,803	1,236	242	434	10,836
2021	4,786	320	3,840	1,270	241	442	10,899
2022	4,812	276	3,902	1,294	233	462	10,979
2023	4,855	230	3,955	1,334	252	474	11,100
2024	4,921	210	4,015	1,357	254	326	11,083
2025	5,161	195	4,015	1,430	240	234	11,275

Supplemental Plan

JAN. 1 VALUATION DATE	ACTIVE (EXCLUDING DROP)	ACTIVE DROP	RETIREEES	BENEFICIARIES	NON-ACTIVE VESTED	NON-ACTIVE NON-VESTED	TOTAL
2016	25	20	98	26	-	-	169
2017	31	16	100	28	-	-	175
2018	37	7	110	30	1	-	185
2019	34	5	112	26	2	1	180
2020	38	3	116	23	2	1	183
2021	43	2	118	23	2	1	189
2022	48	2	119	28	1	1	199
2023	50	2	119	32	1	-	204
2024	54	2	118	37	1	-	212
2025	55	2	124	38	-	-	219

DROP Participation

Consolidated Plans* (Dollars in Millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Active - DROP Participants										
Beginning of year	210	230	276	320	383	483	626	1,102	1,338	1,399
Entrants	13	17	14	26	11	15	15	17	36	121
Withdrawals	(28)	(37)	(60)	(70)	(74)	(115)	(158)	(493)	(272)	(182)
End of year	195	210	230	276	320	383	483	626	1,102	1,338
DROP balance at December 31	\$ 79	\$ 88	\$ 97	\$ 113	\$ 135	\$ 154	\$ 192	\$ 242	\$ 358	\$ 479

Retirees and Beneficiaries - DROP Participants										
Beginning of year	8	14	9	10	11	16	16	1,876	2,085	1,971
Additions	-	1	6	-	-	-	3	-	204	168
Closures	(2)	(7)	(1)	(1)	(1)	(5)	(3)	(1,860)	(413)	(54)
End of year	6	8	14	9	10	11	16	16	1,876	2,085
DROP balance at December 31	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2	\$ 703	\$ 1,038

Total DROP participants	201	218	244	285	330	394	499	642	2,978	3,423
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* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

Combined Pension Plan

Retirees and Beneficiaries - DROP Annuities										
Beginning of year	2,666	2,601	2,518	2,425	2,342	2,186	1,978	-	-	-
Additions	82	104	118	128	109	173	216	1,978	-	-
Closures	(44)	(39)	(35)	(35)	(26)	(17)	(8)	-	-	-
End of year	2,704	2,666	2,601	2,518	2,425	2,342	2,186	1,978	-	-
Present Value of Annuities at December 31	\$ 790	\$ 813	\$ 846	\$ 864	\$ 870	\$ 880	\$ 829	\$ 810	-	-

Supplemental Plan

Retirees and Beneficiaries - DROP Annuities										
Beginning of year	68	67	68	65	66	57	55	-	-	-
Additions	-	4	-	4	2	9	2	55	-	-
Closures	-	(3)	(1)	(1)	(3)	-	-	-	-	-
End of year	68	68	67	68	65	66	57	55	-	-
Present Value of Annuities at December 31	\$ 5	\$ 6	\$ 6	\$ 6	\$ 7	\$ 7	\$ 4	\$ 7	-	-

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DISCUSSION SHEET

ITEM #C3

Topic: **Report on Audit Committee Meeting**

Discussion: The Audit Committee met with representatives of BDO on November 13, 2025 to review the 2024 Financial Audit. The Committee Chair will comment on the meeting.

Regular Board Meeting – Thursday, November 13, 2025



DISCUSSION SHEET

ITEM #C4

Topic: **Second Reading and Discussion of the 2026 Budget**

Discussion: Attached is the budget proposal for Calendar Year 2026.

The budget has been prepared in total for both the Combined Pension Plan and the Supplemental Plan. Total expenses are then allocated to the Supplemental Plan based upon the Group Trust allocation reported by BNY.

The first reading of the proposed 2026 budget was at the October 9, 2025, Board meeting. The proposed budget was posted on the DPFP website and submitted to the City of Dallas for comment.

Since the first presentation of the proposed budget, the total 2026 proposed budget has increased \$43K to incorporate the change to the contribution rate for the employee retirement plan with Texas Municipal Retirement System (TMRS).

Staff

Recommendation: **Approve** the proposed 2026 budget and **authorize** the Board Chairman and Executive Director to execute the TMRS resolution increasing the employee contribution rate effective January 1, 2026.

Regular Board Meeting – Thursday, November 13, 2025

DALLAS POLICE AND FIRE PENSION SYSTEM

2026 PROPOSED BUDGET REVIEW

SECOND PRESENTATION

November 13, 2025



2026 Budget Review

Budget Process Update

- The budget was posted to the DPFP website on October 21, 2025.
- The budget was sent to the City of Dallas on October 16, 2025.
- No feedback from the City was received.
- The changes to the budget since it was presented in October include the following:

An increase of \$42,625 in TMRS staff retirement plan expenses that was discussed at the October 2025 board meeting.

- During the November meeting, the Board may either approve the budget or direct staff to adjust the budget and bring the revised budget back to the Board in December for final approval.

2026 Budget Review

Summary Budget

Expense Type	2025 Budget	2025 Projected Actual	2026 Proposed Budget	Variances			
				2026 Proposed Budget vs. 2025 Budget		2026 Proposed Budget vs. 2025 Projected Actual	
Administrative Expenses	6,548,694	5,868,045	6,885,596	336,902	5.1%	1,017,551	17.3%
Investment Expenses	11,420,487	12,017,858	11,960,167	539,680	4.7%	(57,691)	(0.5%)
Professional Expenses	2,664,365	2,231,469	1,924,725	(739,640)	(27.8%)	(306,744)	(13.7%)
Total	\$ 20,633,546	\$ 20,117,372	\$ 20,770,488	\$ 136,942	0.7%	\$ 653,116	3.2%

2026 Budget Review

Any questions?

2026 Budget Review

Description	2025 Budget	2025 Projected Actual*	2026 Proposed Budget	\$ Change 2026 Prop. Bud. vs. 2025 Bud.	% Change 2026 Prop. Bud. vs. 2025 Bud.	\$ Change 2026 Prop. Bud. vs. 2025 Proj. Actual	% Change 2026 Prop. Bud. vs. 2025 Proj. Actual
Administrative Expenses							
1 Salaries and benefits	3,968,325	3,954,112	4,285,600	317,275	8.0%	331,488	8.4%
2 Employment Expense	26,600	5,562	27,535	935	3.5%	21,973	395.1%
3 Memberships and dues	22,838	19,365	20,383	(2,455)	(10.7%)	1,018	5.3%
4 Staff meetings	800	182	600	(200)	(25.0%)	418	229.7%
5 Employee service recognition	4,000	980	4,000	-	0.0%	3,020	308.2%
6 Member educational programs	4,000	3,495	6,000	2,000	50.0%	2,505	71.7%
7 Board meetings	2,600	3,785	4,900	2,300	88.5%	1,115	29.5%
8 Conference registration/materials - Board	12,000	4,543	18,500	6,500	54.2%	13,957	307.2%
9 Travel - Board	22,000	8,000	22,000	-	0.0%	14,000	175.0%
10 Conference/training registration/materials - Staff	29,215	11,111	29,830	615	2.1%	18,719	168.5%
11 Travel - Staff	53,350	34,824	38,950	(14,400)	(27.0%)	4,126	11.8%
12 Liability insurance	581,865	540,707	569,916	(11,949)	(2.1%)	29,209	5.4%
13 Communications (phone/internet)	28,663	29,934	32,444	3,781	13.2%	2,510	8.4%
14 Information technology projects	560,000	130,014	519,000	(41,000)	(7.3%)	388,986	299.2%
15 IT subscriptions/services/licenses	180,775	188,976	214,910	34,135	18.9%	25,934	13.7%
16 IT software/hardware	25,000	10,000	25,000	-	0.0%	15,000	150.0%
17 Building expenses	529,943	517,679	554,662	24,719	4.7%	36,983	7.1%
18 Repairs and maintenance	92,661	58,695	100,001	7,340	7.9%	41,306	70.4%
19 Office supplies	28,350	21,646	27,125	(1,225)	(4.3%)	5,479	25.3%
20 Leased equipment	22,000	22,382	23,000	1,000	4.5%	618	2.8%
21 Postage	27,200	24,737	25,700	(1,500)	(5.5%)	963	3.9%
22 Printing	6,850	4,991	6,350	(500)	(7.3%)	1,359	27.2%
23 Subscriptions	940	1,425	1,535	595	63.3%	110	7.7%
24 Records storage	3,735	3,783	3,925	190	5.1%	142	3.8%
25 Administrative contingency reserve	12,000	624	12,000	-	0.0%	11,376	1823.1%
27 Depreciation Expense	289,984	248,352	298,730	8,746	3.0%	50,378	20.3%
28 Bank fees	13,000	18,141	13,000	-	0.0%	(5,141)	(28.3%)

2026 Budget Review

Description	2025 Budget	2025 Projected Actual*	2026 Proposed Budget	\$ Change 2026 Prop. Bud. vs. 2025 Bud.	% Change 2026 Prop. Bud. vs. 2025 Bud.	\$ Change 2026 Prop. Bud. vs. 2025 Proj. Actual	% Change 2026 Prop. Bud. vs. 2025 Proj. Actual
Investment Expenses							
29 Investment management fees	9,113,000	9,710,544	9,927,000	814,000	8.9%	216,456	2.2%
30 Investment consultant and reporting	614,167	616,250	674,167	60,000	9.8%	57,917	9.4%
31 Bank custodian services	227,000	227,001	215,000	(12,000)	(5.3%)	(12,001)	(5.3%)
32 Other portfolio operating expenses (legal, valuation, tax)	1,394,000	1,402,690	1,068,000	(326,000)	(23.4%)	(334,690)	(23.9%)
33 Investment due diligence	72,320	61,373	76,000	3,680	5.1%	14,627	23.8%
Professional Services Expenses							
34 Actuarial services	457,000	197,294	150,000	(307,000)	(67.2%)	(47,294)	(24.0%)
35 Accounting services	61,950	59,001	61,950	-	0.0%	2,949	5.0%
36 Independent audit	143,915	140,000	145,000	1,085	0.8%	5,000	3.6%
37 Legal fees	1,060,000	1,060,000	630,000	(430,000)	(40.6%)	(430,000)	(40.6%)
38 Legislative consultants	216,500	157,189	126,000	(90,500)	(41.8%)	(31,189)	(19.8%)
39 Public relations	50,000	-	50,000	-	0.0%	50,000	100.0%
40 Pension administration software & WMS	314,000	265,601	344,000	30,000	9.6%	78,399	29.5%
41 Business continuity	60,000	58,315	73,000	13,000	21.7%	14,685	25.2%
42 Network security monitoring	245,000	242,101	260,000	15,000	6.1%	17,899	7.4%
43 Disability medical evaluations	6,500	3,500	5,500	(1,000)	(15.4%)	2,000	57.1%
44 Elections	14,050	7,883	14,500	450	3.2%	6,617	83.9%
45 Miscellaneous professional services	35,450	40,585	64,775	29,325	82.7%	24,190	59.6%
Total Budget	20,633,546	20,117,372	20,770,488	136,942	0.7%	653,116	3.2%
Less: Investment management fees	9,113,000	9,710,544	9,927,000	814,000	8.9%	216,456	2.2%
Adjusted Budget Total	11,520,546	10,406,828	10,843,488	(677,058)	(5.9%)	436,660	4.2%
SUPPLEMENTAL BUDGET							
Total Budget (from above)	20,633,546	20,117,372	20,770,488	136,942	0.7%	653,116	3.2%
Less: Allocation to Supplemental Plan Budget**	155,207	187,896	193,996	38,789	25.0%	6,100	3.2%
Total Combined Pension Plan Budget	20,478,339	19,929,476	20,576,492	98,153	0.5%	647,016	3.2%

A RESOLUTION REGARDING THE DALLAS POLICE AND FIRE PENSION SYSTEM'S TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFITS AUTHORIZING AN INCREASE TO THE EMPLOYEE CONTRIBUTION RATE.

Whereas, Subtitle G of Title 8 of the Texas Government Code, as amended (herein referred to as the "TMRS Act"), relating to the Texas Municipal Retirement System (the "System" or "TMRS"), authorizes the governing body of each city or town to elect, at its option, to have one or more of the city departments participate in TMRS; and

Whereas, the TMRS Act was amended by House Bill 4068 from the 87th Texas Legislature, Regular Session, 2021, to provide that the pension system provided under Article 6243a-1, Revised Statutes, also known as the Dallas Police and Fire Pension System ("DPFP"), has the standing of a municipality with respect to DPFP's employees, and only with respect to DPFP's employees; and

Whereas, the DPFP elected to have its employees and future employees participate in TMRS pursuant to the TMRS Act; and

Whereas, each person who is or becomes a DPFP employee on or after the effective date of the DPFP's participation in the System in a position that normally requires services of 1,000 hours or more per year ("Employee") shall be a member of the System ("Member") as a condition of their employment; and

Whereas, House Bill 3161, 89th Texas Legislature, R.S., 2025, amended TMRS Act §855.401(a) to read that each municipality participating in the System shall designate the rate of Member contributions for Employees and shall elect a rate of five, six, seven, or – effective September 1, 2025 – eight percent of the Employees' compensation; and

Whereas, the Board of Trustees of DPFP now finds that it is in the public interest to increase the Employee contribution rate contributed to TMRS; now:

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE DALLAS POLICE AND FIRE PENSION SYSTEM, TEXAS:

Increased Employee Contribution Rate.

(a) The rate of Employee contributions to be made by the DPFP to the System shall be **8%** of the compensation of DPFP Employees who are Members of the System, in accordance with TMRS Act §855.401. The DPFP shall submit a monthly payroll report and deposit the amounts deducted from Employees' compensation to the System in accordance with TMRS Act §855.402.

(b) This Resolution shall be effective on the first day of the month of January, 2026.

Passed and approved _____, 20____.

ATTEST:

APPROVED:

Board Secretary

Board Chairman



DISCUSSION SHEET

ITEM #C5

Topic: **Report on Professional Services Committee Meeting**

Discussion: According to the Committee Policy and Procedure, the Professional Services Committee is responsible for meeting privately with the external service providers, without DFPF staff present, at a minimum on an annual basis. The purpose of such a meeting is to provide a forum for the service provider to provide candid comments to the Professional Services Committee.

Staff

Recommendation: The Professional Services Committee shall **report** to the Board any material comments and **recommend** to the Board any appropriate actions needed as a result of the meeting with Meketa, Jackson Walker, Segal and Albourne.

Regular Board Meeting – Thursday, November 13, 2025



DISCUSSION SHEET

ITEM #C6

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, November 13, 2025

Membership Actions -2025

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	38	27	16	15	10	13	12	21	13	4	18		187
DROP - Join	2	2	0	0	0	0	0	0	0	4	1		9
Estate Payments	6	7	8	9	3	4	3	9	6	9	4		68
Survivor Benefits	4	11	4	9	3	4	1	5	3	7	3		54
Retirements	7	10	8	9	10	7	11	13	8	9	9		101
Alternate Payees	0	0	2	1	2	1	2	1	2	4	1		16
Spouse Wed After Retirement	0	0	0	1	0	0	0	0	0	0	0		1
Service Purchases	1	1	0	0	2	2	1	1	2	1	1		12
Earnings Test	0	0	0	0	0	0	11	0	0	0	0		11

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 #C7

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.

Regular Board Meeting – Thursday, November 13, 2025

City Regular Plan Contributions								
Pay Period Date	Computation Pay	City Normal Cost Payment (\$ of Comp. Pay) ⁽¹⁾	City UAL & Admn. Payment (Fixed \$)	City Total Payment	DPFP Plan Normal Cost (% of Comp. Pay) ⁽¹⁾	DPFP Plan UAL & Admn. Payment (Fixed \$)	City Contributions Due under Based on Current Law (DPFP Plan) as Confirmed by the Court	Contribution Shortage
FY 2024 Shortage - City Commitment (\$184,733,285 minus \$181,798,953.77)								\$ 2,934,331
FY 2025 Shortage (DPFP Plan \$215,098,000 less City Payments \$204,888,392.20 based on the City Resolution, the City number includes \$3,707,319.89 catch up payment made after the end of the FY)								\$ 10,209,608
City Contributions								
10/1/2024-10/7/2024	\$ 21,670,880	\$ 1,456,283	\$ 7,172,385	\$ 8,628,668	\$ 1,503,959	\$ 8,769,696	\$ 10,273,655	\$ 1,644,987
10/8/2024 -10/21/2024	\$ 21,682,679	\$ 1,431,057	\$ 7,172,385	\$ 8,603,441	\$ 1,504,778	\$ 8,769,696	\$ 10,274,474	\$ 1,671,032
FY 2026 YTD Shortage	\$ 43,353,558	\$ 2,887,340	\$ 14,344,769	\$ 17,232,109	\$ 3,008,737	\$ 17,539,392	\$ 20,548,129	\$ 3,316,020
Total Shortage								\$ 16,459,959



DISCUSSION SHEET

ITEM #C8

Topic: **Board Approval of Trustee Education and Travel**

Discussion: 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.

Regular Board Meeting – Thursday, November 13, 2025

**Future Education and Business Related Travel & Webinars
Regular Board Meeting – November 13, 2025**

REQUESTED APPROVED

- 1. Conference:** **NCPERS 2026 Legislative Conference & Policy Day**
Dates: January 25 – 28, 2026
Location: Washington, DC
Est Cost: \$670

- 2. Conference:** **NCPERS Communications & Member Services Summit**
Dates: March 2 – 4, 2026
Location: San Diego, CA
Est Cost: \$800



DISCUSSION SHEET

ITEM #C9

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

Discussion:

Conference:	NCPERS Accredited Fiduciary Program (NAF)	MT, MS
Dates:	October 25-26, 2025	
Location:	Fort Lauderdale, FL	
Conference:	NCPERS Financial, Actuarial, Legislative & Legal (FALL) Conference	MT
Dates:	October 26-29, 2025	
Location:	Fort Lauderdale, FL	

Regular Board Meeting – Thursday, November 13, 2025



DISCUSSION SHEET

ITEM #C10

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, November 13, 2025



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Portfolio Update

November 13, 2025

Board Meeting

Executive Summary

- **Estimated YTD Return (through 10/31/25):** 13.9% for DPFP Portfolio; 16.1% for Public Portfolio which makes up 81.4% of the assets.
- **\$20.9M of private market proceeds** received YTD.
- **\$17M rebalanced from Public Equity to Cash & Fixed Income** in October.
- The IAC reviewed the Public Equity portfolio at the October meeting. Staff and Meketa will discuss this review and recommendations at the December Board Meeting.

Investment Initiatives – 2025/26 Plan

Q1 – Q3 2025

- Appointment of Private Markets Sub-Committee
- Private Credit Pacing Plan
- Public Equity and Public Credit Asset Class Structure Reviews
- Private Equity Pacing Plan
- Sub-Committee Review of New Private Credit Investments
- Initiate Multi Asset Credit Search
- Board Approval of Initial Private Credit Commitments
- Multi Asset Credit (MAC) Search and Manager Selection

Q4 2025

- IAC Review of Public Equity Portfolio
- ICG Funding
- Board Review of Arbour Lane
- Board Review of Public Equity Portfolio

Q1 2026 & Beyond

- Global Equity Core/Value Search
- Sub-Committee Review of Private Equity Secondary Opportunities
- Small Cap Equity Search(es)
- Search for 2nd MAC Manager

Oaktree Memo: A Look Under the Hood

- Howard Marks, of Oaktree, released a memo in late October covering a recent Consultant survey of a US Pension Board that he participated in.

- Topics covered in the memo include:

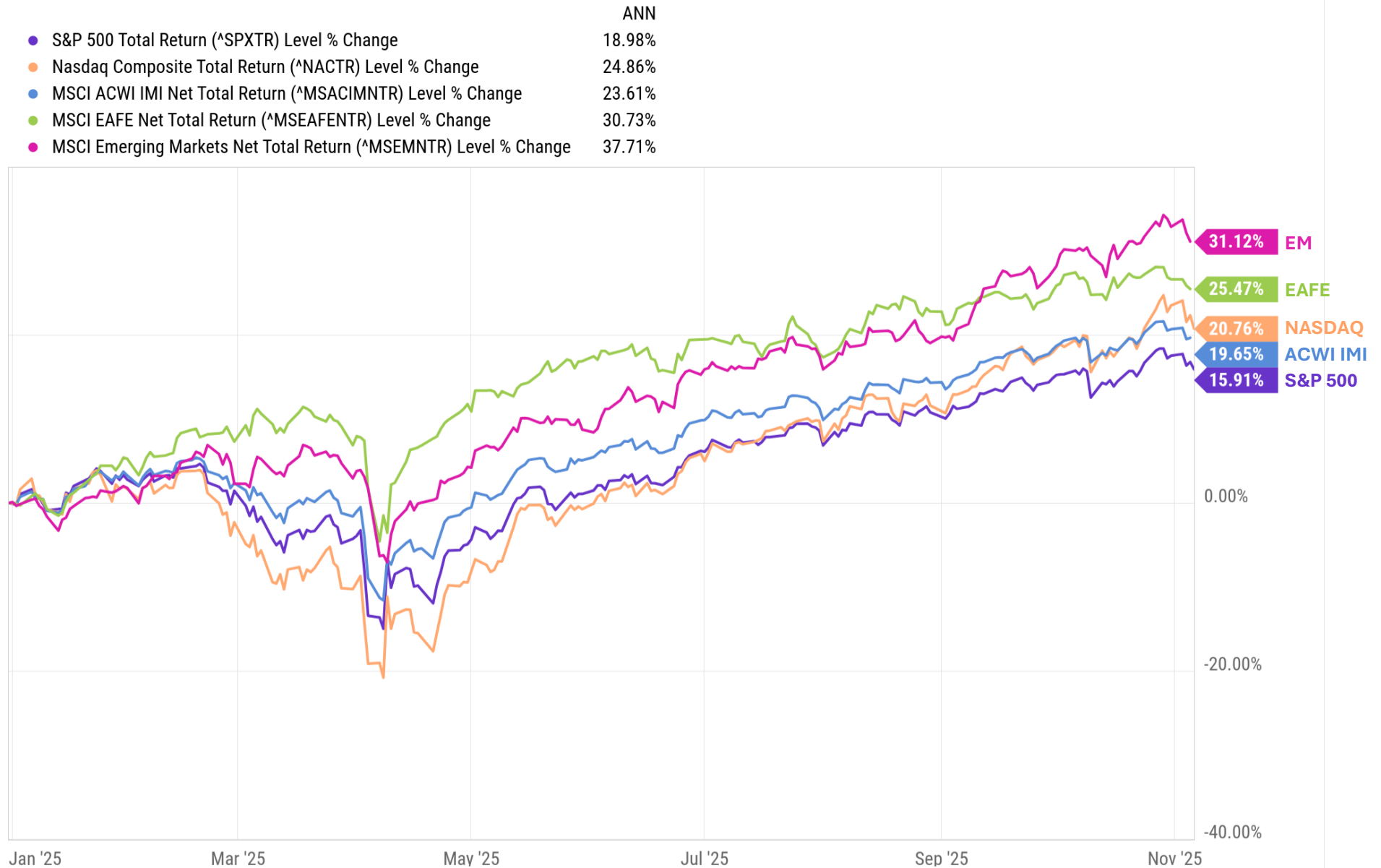
- Attitudes Towards Risk*
- Setting Objectives*
- Volatility*
- Investment Approach*
- Assessing Performance*



- Given the relevance of the topic, staff wanted to share with the Board. The memo along with a podcast version can be found here:

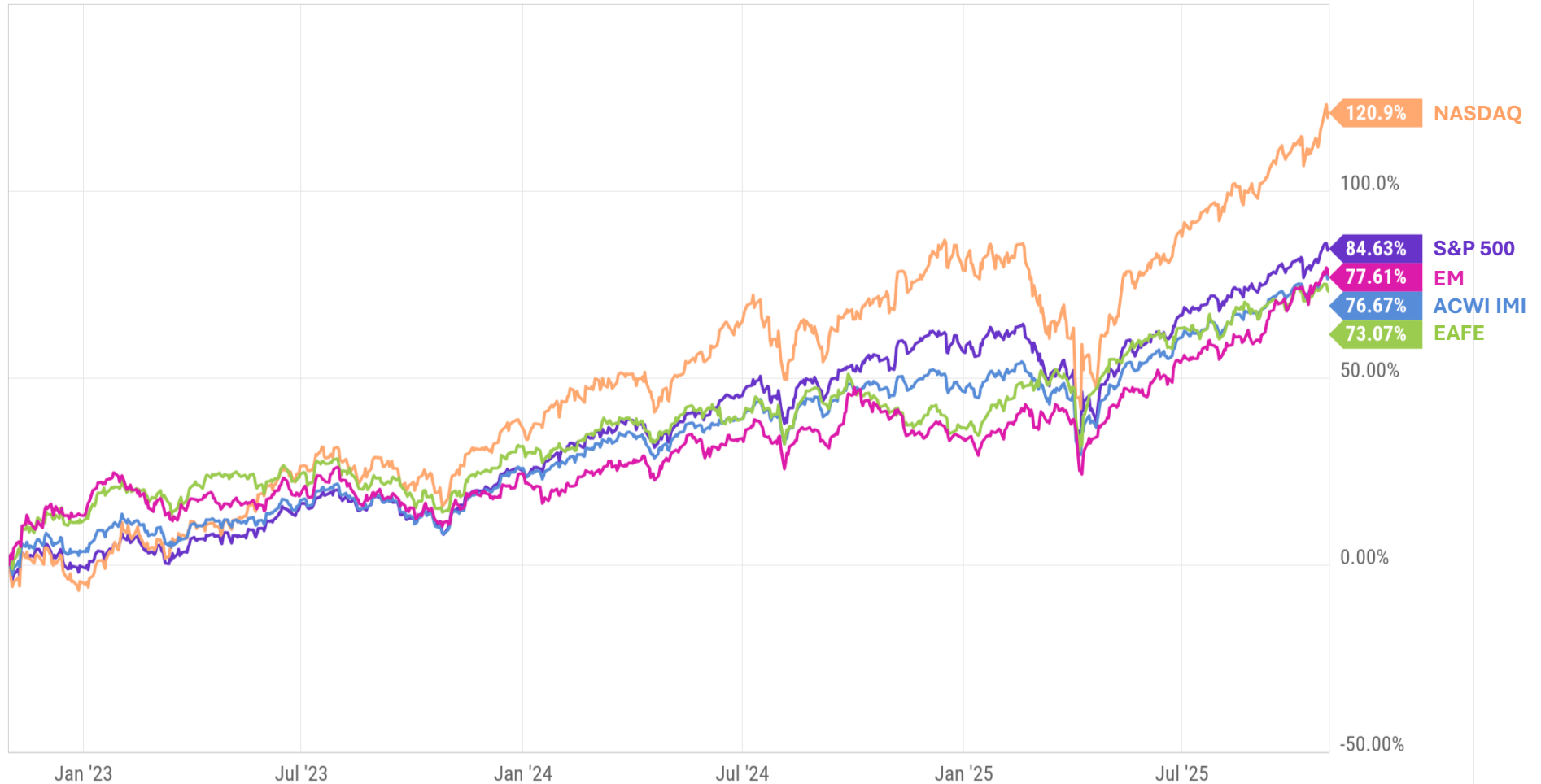
<https://www.oaktreecapital.com/insights/memo/a-look-under-the-hood>

YTD Equity Markets Returns (As of 11/6/25)

Nov 6, 2025, 2:27 PM EST Powered by **YCHARTS**

Global Equity Markets Returns (3 Years Ending 10/31/25)

	ANN
● S&P 500 Total Return (^SPXTR) Level % Change	22.68%
● Nasdaq Composite Total Return (^NACTR) Level % Change	30.24%
● MSCI ACWI IMI Net Total Return (^MSACIMNTR) Level % Change	20.89%
● MSCI EAFE Net Total Return (^MSEAFENTR) Level % Change	20.06%
● MSCI Emerging Markets Net Total Return (^MSEMNTNTR) Level % Change	21.10%

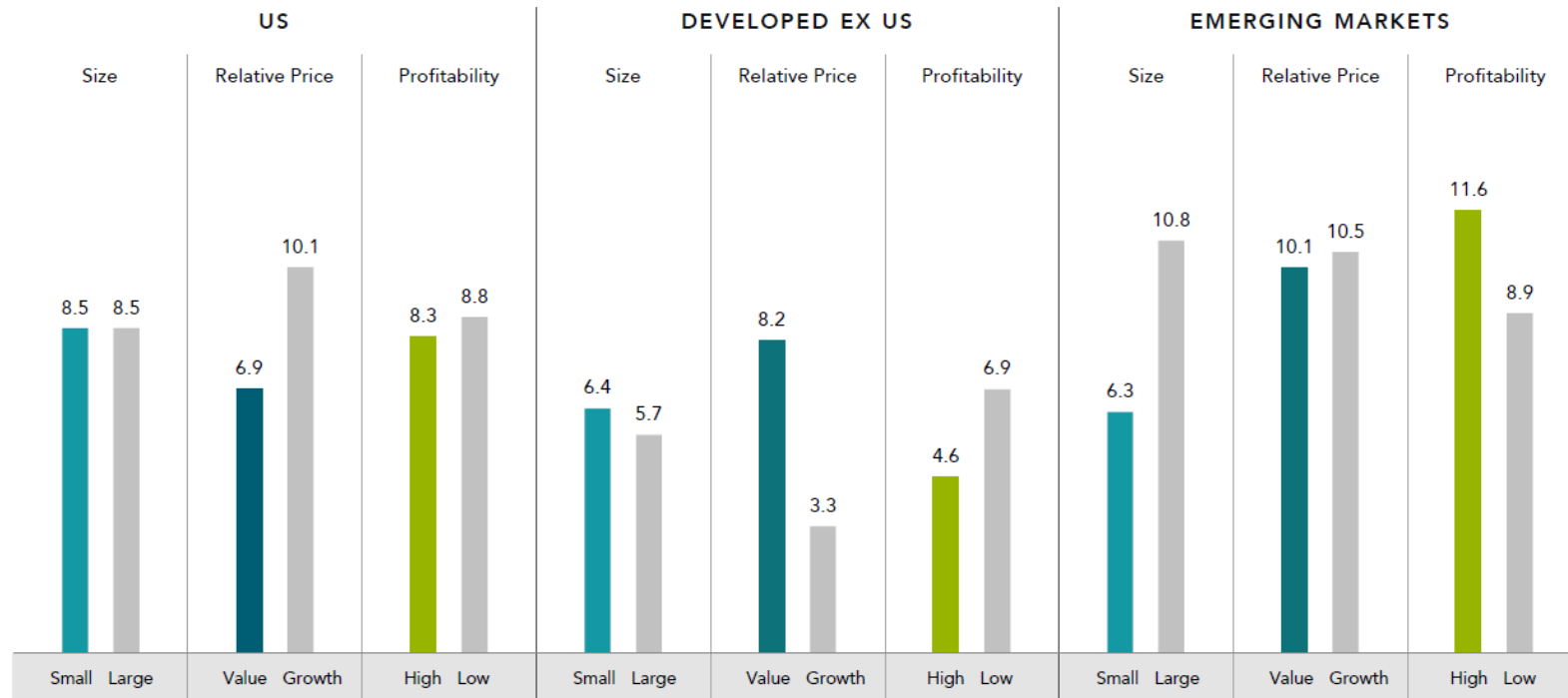
Nov 3, 2025, 9:59 AM EST Powered by **YCHARTS**

Global Equity Q3 Returns



Global Size, Relative Price, and Profitability Returns

Returns (USD, %), 3rd Quarter 2025



Past performance is no guarantee of future results.

In USD. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), Developed ex US Stocks (MSCI World ex USA IMI Index [net div.]), Emerging Markets (MSCI Emerging Markets IMI Index [net div.]). Market Returns are computed from index published security weights, Dimensional computed security returns and Dimensional classification of securities based on size, value, and profitability parameters. Within the US, Large Cap is defined as approximately the largest 90% of market capitalization in each country or region; Small Cap is approximately the smallest 10%. Within the non-US developed markets, Large Cap is defined as approximately the largest 87.5% of market capitalization in each country or region; Small Cap is approximately the smallest 12.5%. Within emerging markets, Large Cap is defined as approximately the largest 85% of market capitalization in each country or region; Small Cap is approximately the smallest 15%. Designations between value and growth are based on price to book ratios. Value is defined as the 50% of market cap with the lowest price to book ratios by size category and growth is the highest 50%. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. High profitability is defined as the 50% of market cap with the highest profitability by size category and low profitability is the lowest 50%. REITs and utilities, identified by GICS code, and stocks without size, relative price, or profitability metrics are excluded from this analysis. GICS was developed by and is the exclusive property of MSCI and S&P Dow Jones Indices LLC, a division of S&P Global. Countries not in the Dimensional investable universe are excluded from the analysis. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2025, all rights reserved.

Public Markets Performance Snapshot

Public Markets made up 81.4% of DPFP Investment Portfolio.

Trailing Net Performance | As of October 31, 2025

Performance Summary Ending October 31, 2025								
	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
Total Public Portfolio	1,789,417,453	0.9	16.1	16.5	16.4	9.6	7.1	Oct-05
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>		1.1	15.4	15.4	14.7	7.8	6.1	
Public Equity	1,265,556,225	1.0	20.5	20.9	20.2	13.7	8.2	Jul-06
<i>MSCI AC World IMI Index (Net)</i>		2.0	20.7	22.0	20.9	14.3	8.1	
Boston Partners Global Equity Fund	131,925,357	0.3	28.2	25.3	18.5	18.8	10.5	Jul-17
<i>MSCI World Net</i>		2.0	19.8	22.0	21.7	15.6	12.3	
Manulife Global Equity Strategy	132,275,399	-0.4	14.1	12.9	16.0	13.1	9.7	Jul-17
<i>MSCI ACWI Net</i>		2.2	21.1	22.6	21.6	14.6	11.6	
Walter Scott Global Equity Fund	131,109,880	-0.2	8.2	7.6	15.5	10.0	9.9	Dec-09
<i>MSCI ACWI Net</i>		2.2	21.1	22.6	21.6	14.6	10.1	
WCM Global Equity	130,328,785	-0.7	27.5	36.1	--	--	34.9	Dec-23
<i>MSCI AC World Index Growth (Net)</i>		4.2	24.1	30.0	--	--	28.1	
NT Russell 2000 Index	67,026,259	1.8	--	--	--	--	5.0	Sep-25
<i>Russell 2000 Index (Net)</i>		1.8	--	--	--	--	4.9	
NT ACWI Index IMI	518,963,565	2.0	21.0	22.4	21.3	--	10.7	Apr-21
<i>MSCI AC World IMI Index (Net)</i>		2.0	20.7	22.0	20.9	--	10.3	
Global Alpha International Small Cap	62,619,388	-1.8	17.7	13.4	10.6	--	2.7	May-22
<i>MSCI EAFE Small Cap (Net)</i>		-0.8	27.3	24.5	17.7	--	9.0	
RBC Emerging Markets Equity	91,307,591	4.2	30.8	26.3	20.8	8.2	5.9	Jan-18
<i>MSCI Emerging Markets IMI (Net)</i>		3.9	30.9	26.1	20.8	8.1	5.1	

Public Markets Performance Snapshot

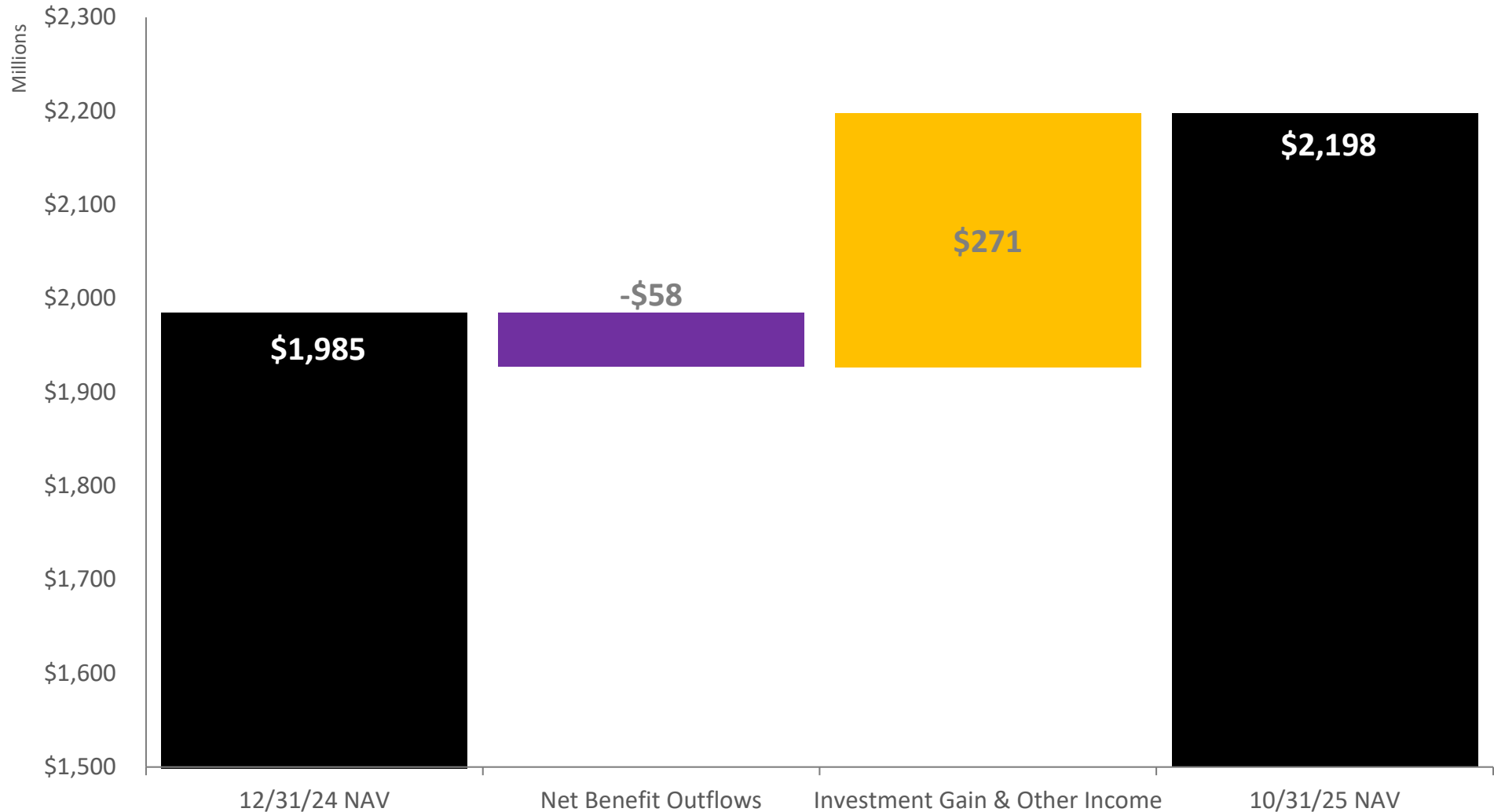
Trailing Net Performance | As of October 31, 2025

	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
Fixed Income and Cash	293,506,843	0.4	5.3	5.7	5.5	1.9	2.4	May-18
<i>Fixed Income and Cash Blended Benchmark</i>		<i>0.4</i>	<i>5.0</i>	<i>5.3</i>	<i>5.1</i>	<i>1.5</i>	<i>2.4</i>	
IR&M 1-3 Year Strategy	135,309,487	0.3	4.8	5.5	5.5	2.3	2.6	Jul-17
<i>Blmbg. U.S. Aggregate 1-3 Yrs</i>		<i>0.3</i>	<i>4.5</i>	<i>5.1</i>	<i>4.9</i>	<i>1.9</i>	<i>2.1</i>	
Longfellow Core Fixed Income	90,560,175	0.7	7.1	6.5	6.4	0.4	0.4	Jul-20
<i>Blmbg. U.S. Aggregate Index</i>		<i>0.6</i>	<i>6.8</i>	<i>6.2</i>	<i>5.6</i>	<i>-0.2</i>	<i>-0.2</i>	
Cash Equivalents	67,637,182	0.5	4.2	5.0	5.2	3.3	4.7	Jul-96
<i>ICE BofA 3 Month U.S. T-Bill</i>		<i>0.3</i>	<i>3.5</i>	<i>4.3</i>	<i>4.8</i>	<i>3.0</i>	<i>2.4</i>	
Public Credit	230,354,385	0.8	8.6	9.3	11.1	4.5	3.7	May-18
<i>Credit Blended Benchmark</i>		<i>0.5</i>	<i>7.8</i>	<i>8.4</i>	<i>10.4</i>	<i>5.3</i>	<i>4.8</i>	
Aristotle Pacific Capital Bank Loan	88,558,753	0.4	5.4	6.9	9.9	7.1	5.6	Aug-17
<i>S&P UBS Leveraged Loan Index</i>		<i>0.3</i>	<i>5.1</i>	<i>6.6</i>	<i>9.5</i>	<i>6.9</i>	<i>5.4</i>	
Loomis US High Yield Fund	74,604,740	0.4	8.6	9.7	10.1	--	3.9	Jan-21
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>		<i>0.2</i>	<i>7.4</i>	<i>8.2</i>	<i>10.2</i>	<i>--</i>	<i>4.4</i>	
Metlife Emerging Markets Debt Blend	67,190,892	1.8	13.0	12.2	13.6	--	12.6	Oct-22
<i>35% JPMEBBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Di</i>		<i>1.1</i>	<i>11.9</i>	<i>11.0</i>	<i>11.5</i>	<i>--</i>	<i>10.9</i>	

Change in Market Value Bridge Chart - As of 10/31/2025

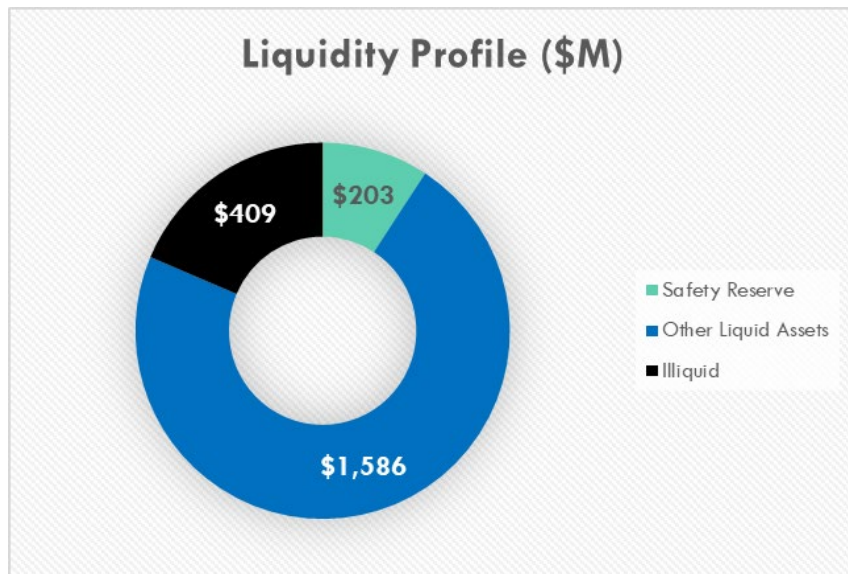
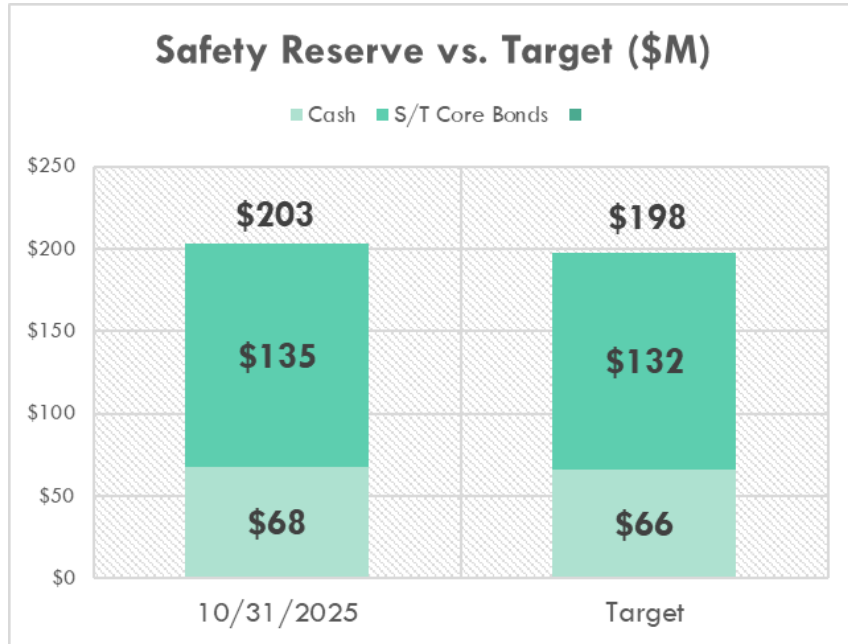
In Millions

2025 YTD Preliminary Investment Return estimated at 13.9%



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

Liquidity Dashboard – As of 10/31/25



Projected Net Monthly outflows of **\$5.4M** per month. Safety Reserve of **\$203M** would cover net monthly outflows for next **37 months** or through **December 2028.**

Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	10/31/25		\$67.6	3.1%
City & Member Contribution	11/7/25	\$11.3	\$79.0	3.6%
City & Member Contribution	11/21/25	\$11.3	\$90.3	4.1%
Pension Payroll	11/26/25	(\$29.0)	\$61.2	2.8%
City & Member Contribution	12/5/25	\$11.3	\$72.6	3.3%
City & Member Contribution	12/19/25	\$11.3	\$83.9	3.8%
Pension Payroll	12/31/25	(\$29.0)	\$54.8	2.5%
City & Member Contribution	1/2/26	\$11.3	\$66.2	3.0%
City & Member Contribution	1/16/26	\$11.3	\$77.5	3.5%
Pension Payroll	1/28/26	(\$29.0)	\$48.5	2.2%

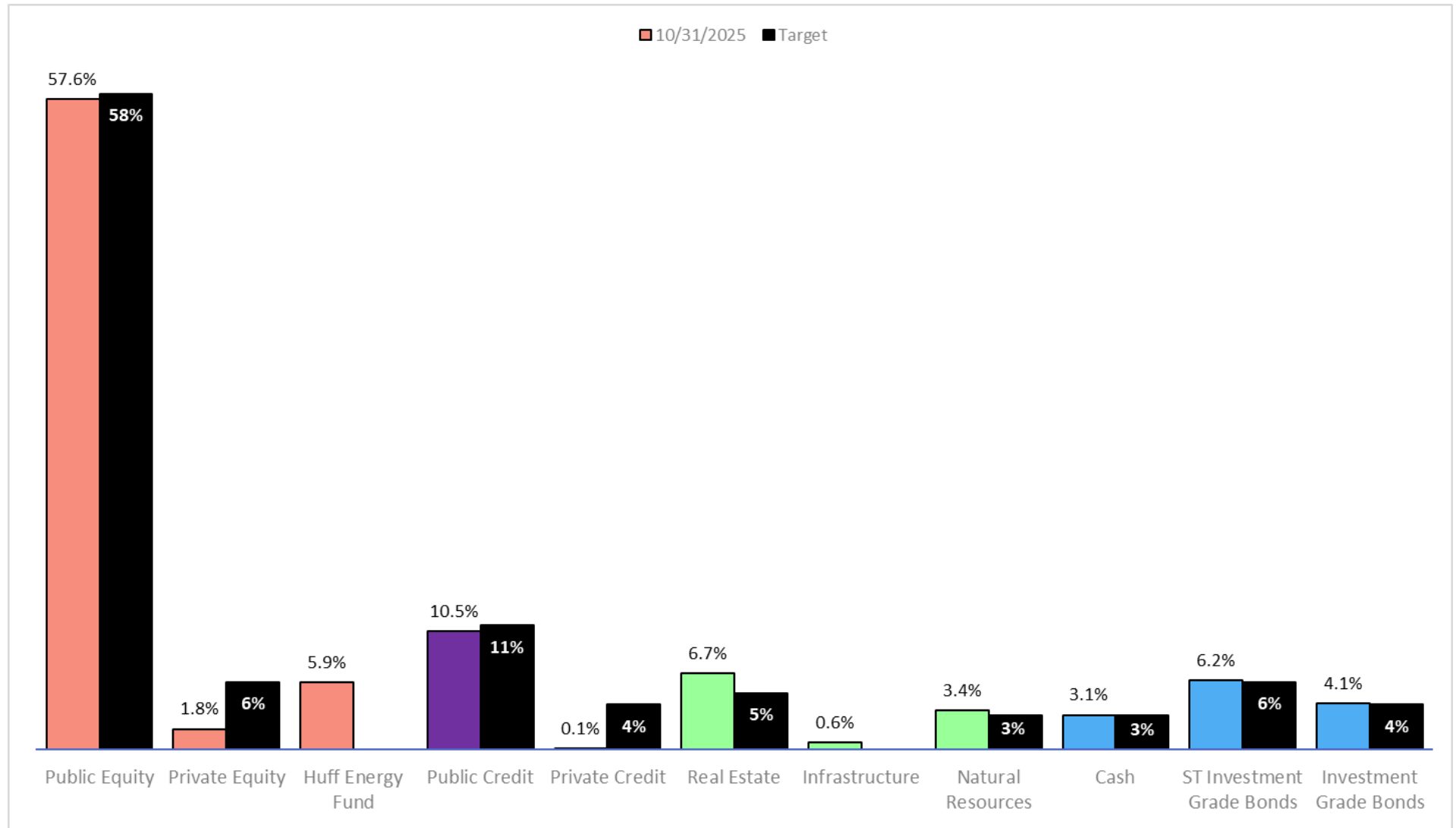
Numbers may not foot due to rounding.

Asset Allocation Detail

DPFP Asset Allocation	10/31/2025		Targets			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
Equity	1,436	65.3%	1,407	64%	102%	29	1.3%
Public Equity	1,265	57.6%	1,275	58%	99%	-9	-0.4%
<i>Northern Trust ACWI IMI Index</i>	<i>519</i>	<i>23.6%</i>	<i>528</i>	<i>24%</i>	<i>98%</i>	<i>-9</i>	<i>-0.4%</i>
<i>Boston Partners</i>	<i>132</i>	<i>6.0%</i>	<i>132</i>	<i>6%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>Manulife</i>	<i>132</i>	<i>6.0%</i>	<i>132</i>	<i>6%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>Walter Scott</i>	<i>131</i>	<i>6.0%</i>	<i>132</i>	<i>6%</i>	<i>99%</i>	<i>-1</i>	<i>0.0%</i>
<i>WCM</i>	<i>130</i>	<i>5.9%</i>	<i>132</i>	<i>6%</i>	<i>99%</i>	<i>-2</i>	<i>-0.1%</i>
<i>Northern Trust Russell 2000</i>	<i>67</i>	<i>3.0%</i>	<i>66</i>	<i>3%</i>	<i>102%</i>	<i>1</i>	<i>0.0%</i>
<i>Global Alpha Intl Small Cap</i>	<i>63</i>	<i>2.8%</i>	<i>66</i>	<i>3%</i>	<i>95%</i>	<i>-3</i>	<i>-0.2%</i>
<i>RBC Emerging Markets Equity</i>	<i>91</i>	<i>4.2%</i>	<i>88</i>	<i>4%</i>	<i>104%</i>	<i>3</i>	<i>0.2%</i>
Private Equity	40	1.8%	132	6%	31%	-92	-4.2%
Huff Energy Fund	130	5.9%	0	0%		130	5.9%
Credit	232	10.5%	330	15%	70%	-98	-4.5%
Public Credit	230	10.5%	242	11%	95%	-11	-0.5%
<i>Aristotle Pacific Bank Loans</i>	<i>89</i>	<i>4.0%</i>	<i>88</i>	<i>4%</i>	<i>101%</i>	<i>1</i>	<i>0.0%</i>
<i>Loomis Sayles High Yield Bonds</i>	<i>75</i>	<i>3.4%</i>	<i>88</i>	<i>4%</i>	<i>85%</i>	<i>-13</i>	<i>-0.6%</i>
<i>MetLife Emerging Market Debt</i>	<i>67</i>	<i>3.1%</i>	<i>66</i>	<i>3%</i>	<i>102%</i>	<i>1</i>	<i>0.1%</i>
Private Credit	1	0.1%	88	4%	1%	-87	-3.9%
Real Assets	237	10.8%	176	8%	135%	61	2.8%
Real Estate	148	6.7%	110	5%	135%	38	1.7%
Natural Resources	76	3.4%	66	3%	115%	10	0.4%
Infrastructure	13	0.6%	0	0%		13	0.6%
Fixed Income & Cash	294	13.4%	286	13%	103%	8	0.4%
Cash	68	3.1%	66	3%	103%	2	0.1%
IR+M Short Term Bonds	135	6.2%	132	6%	103%	3	0.2%
Longfellow IG Bonds	91	4.1%	88	4%	103%	3	0.1%
Total	2,198	100.0%	2,198	100%		0	0.0%
Safety Reserve	203	9.2%	198	9%	103%	5	0.2%
Private Market Assets	409	18.6%	396	18%		13	-5.3%

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

Asset Allocation – Actual vs Target





DISCUSSION SHEET

ITEM #C11

Topic: Report on the Investment Advisory Committee

Discussion: The Investment Advisory Committee met on October 23, 2025. The Committee Chair and Investment Staff will comment on Committee observations and advice.

Regular Board Meeting – Thursday, November 13, 2025



DISCUSSION SHEET

ITEM #C12

- Topic:** Possible New Private Credit Commitments
- Attendees:** Spencer Edge, Senior Portfolio Analyst – Albourne
- Discussion:** Staff conducted a private credit search with the assistance of Albourne. The Private Markets Sub-Committee of the Investment Advisory Committee provided interviewed the finalist firm after reviewing the Staff Recommendation, Albourne IDD and Albourne ODD. Staff and Albourne will discuss the search process and provide an overview of the recommended strategy.
- Recommendation:** Available at meeting.

Regular Board Meeting – Thursday, November 13, 2025



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Arbour Lane Credit Opportunities Fund IV

November 13, 2025

Private Credit Strategic & Pacing Plan Review

- Commitment Schedule:**

Future Commitment Schedule (millions)					
<i>Year</i>	2025	2026	2027	2028	2029
Strategy					
Distressed & Special Situations	\$5	\$5	\$5	\$5	
Multi-Strategy Lending (Real Asset/Real Estate Credit, Asset-Based Lending/Structured Credit)	\$15	\$10	\$10	\$5	\$5
Direct Lending	\$30	\$25			
Commitments	\$50	\$40	\$15	\$10	\$5

Arbour Lane Credit Opportunities Fund IV

Proposed New Investment	
Vehicle Name	Arbour Lane Credit Opportunity Fund IV
DPFP Asset Class	Private Credit
Asset Class Benchmark	50% High Yield / 50% Levered Loan +125bps
Investment Strategy	Stressed/Distressed Traded Credit
Recommended Commitment	\$10 Million
Investment Vehicle Structure and Terms	
Investment Manager Name	Arbour Lane
Legal Structure	Drawdown Fund Structure
Year of First Closing	2025
Fund Life	3 Years Investment / 3 Years Harvest
Planned Termination Year	2031
Target Return	15-20% Gross / 13-17% Net
Expected Vehicle Size	\$2.4 Billion (Target of \$2.0B, Hard Cap of \$2.5B)
Geographical Focus	United States of America
Management Fees	1.25% on Invested Capital
Carried Interest	20% with 8% Hurdle Rate (Whole Fund Waterfall)
Due Diligence Info	
Consistent with Pacing Plan	Yes - \$20 Million in remaining private credit commitments in the pacing plan for 2025.
Private Markets Sub- Committee Review Date	October 6, 2025
Board Review Date	November 13, 2025

Strategy High Level Overview

- Arbour Lane was founded in 2016 by the former leaders of Credit Suisse's distressed and special situations business. Many of the investment team have worked together for a significant amount of time pre-dating Arbour Lane.
- Arbour Lane targets stressed and distressed issuances where the firm has substantial expertise and is expected to generate mid-teens net IRR's (13-17%) by being a provider of liquidity to forced sellers in a generally illiquid segment of the market.
- The investment team has significant workout experience.
- Staff believes Arbour Lane is well positioned to capitalize on dislocations and extract value in idiosyncratic stressed and distressed names. Additionally, in an elevated default environment, Arbour Lane may be able to utilize their expertise within the privately originated loan space.

Staff Recommendation Background

- The Private Markets Sub-Committee met with co-founders Bob Franz and Dan Galanter on October 6th 2025. The Sub-Committee reviewed the staff recommendation memo, Albourne IDD, Albourne ODD, and manager presentation. The Sub-Committee agreed unanimously to recommend approval to the Board.
- Staff began looking at Arbour Lane in January 2025 at the outset of building out the Private Credit Portfolio due to Albourne's high conviction in the manager's previous funds.
- Following approval of KKR and Golub for the Senior Direct Lending mandates, staff became more focused on evaluating Arbour Lane among other private credit strategies.
- Staff feels that Arbour Lane's niche approach will be highly additive to the Private Credit Portfolio and is well positioned to benefit from potential developments in the direct lending market.

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Dallas Police & Fire Pension System

November 7, 2025

Re: Dallas Police & Fire Pension System Private Credit Investment Memo

Albourne America LLC ("Albourne") supports Staff's recommendation to invest \$10m in the following fund:

Arbour Lane Credit Opportunity Funds ("ALCOF" or the "Fund")

Arbour Lane Credit Opportunity Funds

Arbour Lane Capital Management ("ALCM" or the "Manager") was founded in 2016 by Bob Franz and Ken Hoffman, formerly the co-heads of Credit Suisse North America's Global Distressed and Special Situations group. The Manager initially aided Sixth Street in the purchase of a \$1.3bn portfolio from Credit Suisse. Building on the success of the "Project Bills" portfolio/Fund I, Arbour Lane launched fundraising for its inaugural standalone fund ("Fund II") in late 2017 with an original \$750m target. The Manager held a final close on Fund II with \$1.2bn in total capital commitments in April 2020. The Manager rapidly deployed Fund II during COVID-19 and went into market with a successor Fund III in 2021. The Manager has returned to the market to fund raise Fund IV with a first close scheduled for October 2024. The Manager focuses primarily on stressed performing credit, with a notable emphasis on distressed debt that leads to additional add-on investments via situations/capital solutions across a wide range of sectors. The Manager seeks to identify mispriced and off-the-run first lien and senior secured bank loans in the middle market and join the steering committees once it has built up sizeable positions. While the strategy is straightforward, the Manager possesses a strong depth of experience relative to fund size and appears well positioned to outperform by retaining the ability to be selective in capital deployments while still maintaining a well-diversified portfolio.

Strengths

- **Experienced team:** ALCM's three Managing Partners have had roughly 20 years of professional experience each and are seasoned distressed investors in their own right. Furthermore, eight senior Investment Team members of Arbour Lane bring a shared work history from Credit Suisse and as group were carved out of Credit Suisse in 2016 to form a cohesive core team. Initially providing continuity as the servicing platform for Fund I, the team has gone on to establish its own reputation and capital base and is investing in the build-out of the team alongside the deployment of Fund II.
 - **Focused core strategy:** Management seeks opportunities in the private credit space where they can build a core portfolio of senior secured investments in middle-market companies that are trading down and require "stabilization" capital, and where competition to provide such capital is limited. Arbour Lane pairs its discount debt purchases with being an expensive but necessary lender when needed.
 - **Demonstrated opportunistic execution:** The team has executed on its capacity and flexibility to make shorter-term secondary market trades during COVID-19. For example, the team was able to react to COVID-19-related depressed pricing for publicly traded debt of performing corporates in early 2Q 2019 to quickly deploy \$186m of Fund II capital to secondary market public trades and realized a 1.2x multiple once markets rallied within that smaller sub-portfolio in 2Q 2020. Apart from the shorter-term trades, the team was also able to make longer-term bets in companies that were forced into restructuring, and these have grown into some of its largest positions.
-

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Dallas Police & Fire Pension System

- **Performance to Date:** As of August 2024, the Manager indicated that Fund II is in full harvest and was close to a 0.8x DPI and expects a 1.2x DPI by year-end (vs 0.4x at 31 March 2024). This harvest of capital helps to support the lofty 1Q 2024 marks of 16.6% net IRR/1.9x net multiple for Fund II.

Considerations

- **Reliance on founders/key-person risk:** While there has been no indication that the co-founders have any reason to depart Arbour Lane, the loss of either Bob Franz or Ken Hoffman would be a severe blow to the Fund, as it is their combined relationships, judgment, and experience that drive the investment and stewardship process across the team.
- **AUM Growth:** While not yet a concern for Fund IV as it essentially will replace Fund II, the Manager cited \$5.75bn of AUM, a larger amount than it historically has held, and higher than where the Manager indicated it was most comfortable for the strategy back in 2021. While the Manager indicated that it has demonstrated an ability to rapidly recycle capital and also has SMA accounts of a different strategy type included in total AUM, the ultimate fund size for Fund IV will be one to monitor, as its \$2bn target size was the hard cap for Fund III.
- **Newer standalone manager:** The management team has had extensive relevant experiencing prior to Arbour Lane, but the 2018 vintage Fund II was the first commingled fund raised by the team following its spinout and away from the TSSP relationship. While performance to date has been excellent, its first Fund has yet to reach 1.0x DPI even as of August 2024.
- **Fees:** During the three-year investment period from final close, 1% of the management fees are on committed capital rather than deployed capital, and an additional 0.75% of the fees are on the deployed capital. That said, Albourne clients may be able to attain fees on invested capital, as well as additional discounts.

Reason for Investment

The Fund may be suitable for investors seeking credit exposure in a non-control corporate stressed/distressed-oriented fund. The management team is highly experienced from its days at Credit Suisse and exerts more influence in workouts than its non-control secondary market purchases label might let on.

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Dallas Police & Fire Pension System

Disclosure of Potential Conflicts

Based on a review of the compliance records for Albourne Partners Limited and/or its affiliates (the "Albourne Group"), there appear to have been the following gifts and entertainment between the Albourne Group and the Manager during the past five years:

- In October 2022, an employee of the Manager attended an Albourne Group client event in Toronto

There do not appear to have been any additional gifts and entertainment between the Albourne Group and the Manager during the past five years.

Sincerely,

A handwritten signature in cursive script that reads "Spencer Edge".

Spencer Edge
Senior Portfolio Analyst

A handwritten signature in cursive script that reads "Trevor Lowman".

Trevor Lowman
Portfolio Analyst

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Confidential Information - Client

**Dallas Police & Fire Pension System**

Important Notice

The information in this report does not contain all material information about the fund that is the subject of this report, its investment manager, any of their affiliates or any other related entity to which this report relates, including important disclosures and risk factors associated with an investment in the fund. As used herein, the term "Fund" refers to (i) the specific fund that is the subject of this report, (ii) collectively, the specific fund that is the subject of this report, its investment manager, any of their affiliates or any other related entity to which this report relates, or (iii) investment funds generally, as the context requires.

Before making an investment, you should obtain and carefully review the relevant fund offering documents before investing in the Fund mentioned herein, as such documents may contain important information needed to evaluate the investment and may provide important disclosures regarding risks, fees and expenses. Funds are speculative, involve a high degree of risk, and are illiquid. Past performance is not indicative of future results and you could lose all or a substantial amount of any investment it makes in such Funds. Furthermore, Funds may involve complex tax structures and delays in the distribution of important tax information, may have a limited operating history, may be highly volatile, and there may not be a secondary market for Fund interests. There may be restrictions on redemptions and transfers of Fund interests and such interests may otherwise be illiquid. Funds may also be highly leveraged and may have a fund manager with total investment and/or trading authority over the Fund. It should also be noted that, in the case of hedge funds, there may be a single adviser applying generally similar trading programs with the potential for a lack of diversification and corresponding higher risk; hedge funds may also affect a substantial portion of trades on foreign exchanges, which have higher trading costs.

This report, and the information contained herein, is confidential and for the sole use of you and your Approved Persons. This report may not be reproduced, distributed or transmitted in whole or in part to any third party, except as otherwise permitted under the agreement between you and Albourne America LLC.

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DISCUSSION SHEET

ITEM #C14

Topic: Required Training Manual Delivery & Ethics Policy Certification

Discussion: Section 3.013(c) of Article 6243a-1 requires the Executive Director annually deliver a training manual covering certain subject areas set forth in Section 3.013(b). The Executive Director will provide an overview of the contents, address new items in the manual and answer any questions concerning the training manual.

Additionally, Trustees are required to acknowledge that they have read, understand and will comply with the Board of Trustees and Employees Ethics and Code of Conduct Policy on an annual basis.

Trustees can access the training manual and the Board of Trustees and Employees Ethics and Code of Conduct Policy electronically through Diligent under the Resource Center.

Staff

Recommendation: **Acknowledgement** by each Trustee of receipt of the training manual and acknowledgment that they have read, understand and will comply with the provisions of the Ethics and Code of Conduct Policy by signing and submitting the Trustee acknowledgment form.

Regular Board Meeting – Thursday, November 13, 2025



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>	Investment Fee Documents 08 29 2018	Main Board +1	⋮
>	Education and Travel	Main Board	⋮
>	Legal Matters	Main Board	⋮
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>	Plan Documents	Main Board	⋮
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3.013(b)(5)(B) Other Laws Applicable

3.013(b)(5)(B) Other laws applicable to a trustee in performing the trustee

b5B Government Code Section 802 - Administrative Requirements

Tex Const. Article 16 Sections 66 & 67

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3.013(b)(6) Code of Ethics and Governance Policy

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3.013(b)(7) Training Regarding the Risks of Investing in Alternative Investments

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**BOARD OF TRUSTEES AND EMPLOYEES
ETHICS AND CODE OF CONDUCT
POLICY**

As Amended Through January 11, 2018

BOARD OF TRUSTEES AND EMPLOYEES ETHICS AND CODE OF CONDUCT POLICY

**Adopted January 11, 1996
As amended through January 11, 2018**

A. Purpose

The Board of Trustees (“Board”) of the Dallas Police and Fire Pension System (“DPFP” or the “System”) is obligated to administer its pension system as a trust fund solely in the interest of members and beneficiaries. In performance of this obligation, the Board is required to administer DPFP in accordance with Chapter 802, Title 8 of the Texas Government Code and other applicable state and federal laws and regulations. In furtherance of these obligations, the Board adopts the following Ethics and Code of Conduct Policy (this “Policy”), which shall be applicable to all System Representatives. By adopting this Policy, all System Representatives agree to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, members and beneficiaries of the System, current and prospective Consultants and Vendors, DPFP staff, and fellow System Representatives.

B. Definitions

1. **Benefit** – anything reasonably regarded as economic gain or advantage, including benefit to any other person in whose welfare the beneficiary is interested, or anything expressly included as a benefit by applicable law.
2. **Consultants** – independent contractors (whether individuals, partnerships, corporations or other organizations) which provide legal, economic, investment, actuarial or other advice to the Trustees or staff to be used in the performance of fiduciary functions. Any limitations or obligations under this Policy apply to the individuals involved with the System and the contracting organization, if any.
3. **Fiduciary** – any person who (1) exercises any discretionary control over the management of DPFP or any authority or control over the management or disposition of its assets, (2) renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of DPFP or has any authority or discretionary responsibility to do so, (3) has any discretionary authority or discretionary responsibility in the administration of DPFP, or (4) has been designated by the Trustees as a fiduciary in the performance of certain duties for DPFP.
4. **Gift** – anything of tangible value given without adequate consideration, which shall include, but not be limited to, any payment of cash, or receipt of goods or services, or anything expressly included as a gift by applicable law.



B. Definitions (continued)

5. **Key Staff** – The Executive Director, Chief Investment Officer, Chief Financial Officer, and General Counsel of the System. For purposes of this Policy, the Executive Director may designate one or more other DPFP employees as Key Staff as reasonably determined by the Executive Director.
6. **Permitted Benefit or Gift** - A Benefit or Gift that (A) is food, lodging, transportation, or entertainment and is accepted as a guest, (B) has a value of less than \$50 (including taxes), (C) is an honorarium speaking at a conference or event that only includes meals, lodging and transportation, or (D) is deemed a Permitted Benefit or Gift by the Board pursuant to Section F.3. A Benefit or Gift is accepted as a guest if the person or representative of the entity providing the Benefit or Gift is present. Disclosure and related reporting requirements under Chapter 176, Tex. Local Gov't Code ("Chapter 176"), may apply to a Permitted Benefit or Gift, with specific dollar limitations applying for lodging, transportation, or entertainment, including lodging, transportation, or entertainment that is accepted as a guest.
7. **System Representative** –Trustees, Investment Advisory Committee members of the System, and Key Staff.
8. **Third Party** - means and includes a person or entity that is seeking action, opportunity or a specific outcome from DPFP regarding a DPFP matter. The Third Party may be seeking the action, opportunity or outcome for his or her or its own behalf or the third party may be seeking it on behalf of another person or entity in the capacity of a representative, agent or intermediary, or as an advocate for a cause or group of individuals or entities. This definition includes public officials.
9. **Trustee** –Members of the Board of Trustees of DPFP and persons who are candidates for the position of a Trustee.
10. **Undue Influence** - the employment of any improper or wrongful pressure, scheme or threat by which one's will is overcome, and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to act freely.
11. **Vendors** – independent contractors, whether individuals, partnerships, corporations or other organizations, which perform services for DPFP for direct or indirect compensation. Services include, but are not limited to, custodianship of funds, management of investments, maintenance of official records and provision of professional advice.



C. Standards of Conduct

The following legal standards of conduct apply to all System Representatives.

A System Representative shall not:

1. solicit, accept or agree to accept any Benefit or Gift that the System Representative knows or should know is being offered with the intent to influence the System Representative's official conduct.
2. solicit, accept, or agree to accept any Benefit or Gift for having exercised the System Representative's official powers or performed the System Representative's official duties in favor of another.
3. solicit, accept, or agree to accept a Benefit or Gift that is not a Permitted Benefit or Gift from a person the System Representative knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of the System Representative's discretion.
4. accept other employment or compensation or engage in a business or professional activity that could reasonably be expected to impair the System Representative's independence of judgment in the performance of the System Representative's official duties or that might reasonably be expected to require or induce the System Representative to disclose confidential information acquired by reason of the official position.
5. make personal investments that could reasonably be expected to create a substantial conflict between the System Representative's private interest and the public interest (this does not include investments in publicly traded index funds or mutual funds where the System Representative has no control over the selection of holdings).
6. use official position for financial gain, obtaining privileges, or avoiding consequence of illegal acts.
7. have any direct or indirect pecuniary interest in a contract entered into by DPFPP other than an interest incidental to the System Representative's membership in a large class such as that of participants in DPFPP (this does not include investments in publicly traded index funds or mutual funds where the System Representative has no control over the selection of holdings).



Board of Trustee and Employees Ethics And Code Of Conduct Policy
As Amended through January 11, 2018
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D. Fiduciary Duties

1. Under Texas State statutes and applicable federal law and regulations, the System is a trust fund to be administered solely in the interest of the members and beneficiaries thereof for the exclusive purpose of providing benefits to members and beneficiaries and to defray reasonable expenses of DPFP.
2. In the performance of these duties, all Fiduciaries are subject to the "prudent person" rule which requires that they exercise their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims. Further, all Fiduciaries shall maintain high ethical and moral character both professionally and personally, including interactions with other Trustees and DPFP staff, such that the conduct of all Fiduciaries shall not reflect negatively upon the Board or DPFP.
3. In making or participating in decisions, Fiduciaries shall give appropriate consideration to those facts and circumstances reasonably available to the Fiduciary which are relevant to the particular decision and shall refrain from considering facts or circumstances which are not relevant to the decision.
4. Investment decisions of Fiduciaries must be made in accordance with the approved Investment Policy Statement of the System.
5. As a Fiduciary, each Trustee shall adhere to the following:
 - A. A Trustee's loyalty must be to the members and beneficiaries of the System and not to the source of his or her appointment. A Trustee must exercise care and caution always to place the interest of members and beneficiaries ahead of the Trustee's own interest.
 - B. All members and beneficiaries of DPFP are to be treated fairly and impartially. A Trustee's duty is to the members and beneficiaries of DPFP as a whole and not to individuals or groups of individuals within DPFP.
 - C. Trustees must possess the ability and willingness to dedicate the time required to satisfy the duties of serving as a Fiduciary. This includes but is not limited to possessing a complete understanding of the obligations and duty to act in accordance with plan documents, as well as having a substantive base of knowledge that contributes to sufficient analysis of recommendations by DPFP staff and other professionals and fulfillment of fiduciary obligations. A Trustee is responsible for preparing himself or herself for Board work, including committee meetings.



Board of Trustee and Employees Ethics And Code Of Conduct Policy
As Amended through January 11, 2018
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D. Fiduciary Duties (continued)

- D. A Trustee shall treat executive session and closed meeting information as confidential.
 - E. A Trustee shall not give, disclose or provide access to any confidential information owned, obtained, or developed by DPFP.
 - F. Trustees should delegate duties, when appropriate, and prudently select, instruct, and monitor all Vendors, Consultants, DPFP staff, and agents to whom they delegate such duties.
6. No Trustee shall knowingly or negligently participate in the breach of fiduciary duty by another fiduciary, participate in concealing such breach, or knowingly or negligently permit such breach to occur or continue.

E. Conflicts of Interest and Prohibited Transactions

- 1. Certain transactions by System Representatives of DPFP are strictly prohibited, specifically:
 - A. Compensation from any person in connection with any action involving assets of DPFP.
 - B. Participation in a decision or action involving any asset or benefit for personal interest.
 - C. The purchase, sale, exchange or leasing of property with DPFP if that System Representative holds an interest in the property.
 - D. The purchase, sale or exchange of any direct investment with DPFP if that System Representative holds an interest in the investment.
 - E. Causing the Fund to engage in any of the prohibited transactions described herein with any immediate relative or business associate of the System Representative, any other Trustee, employee, custodian, or counsel to DPFP, any other Fiduciary, any person providing services to DPFP, any employee organization whose members are covered by DPFP, or the City of Dallas and its officers, officials and employees.



Board of Trustee and Employees Ethics And Code Of Conduct Policy
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E. Conflicts of Interest and Prohibited Transactions (continued)

2. In addition, any goods, services, or facilities furnished by DPF to any person shall be used for the exclusive benefit of DPF unless reasonable consideration is received by the System for the use of the goods, services, or facilities.
3. Black-Out List for Investment Entities
 - A. For purposes of this subsection, “Investment Entity” means an investment firm, partnership, fund, advisor, consultant, placement agent or owner of property that is being considered for purchase.
 - B. The Chief Investment Officer shall maintain and periodically update as
 - C. appropriate a list (the “Black-out List”) of Investment Entities that meet any of the following criteria:
 - i. The Investment Entity is under consideration by DPF staff for a recommendation to the Board or the Board’s Investment Advisory Committee on a mandate, commitment, increased allocation or any retention for investment-related services (exclusive of rebalancing);
 - ii. The Investment Entity is under consideration by the DPF staff for a recommendation to the Board or the Investment Advisory Committee to decrease the allocation to the Investment Entity (exclusive of rebalancing) or to discontinue use of the Investment Entity, provided, however, this shall not include any Investment Entity where the assets managed by the Investment Entity that are being considered to be reduced in whole or in part are contained within an asset class where the actual assets held by DPF are higher than the target allocation for such asset class in the Investment Policy Statement; or
 - iii. The Investment Entity is in negotiations with DPF for contractual terms after a conditional selection has been made.
 - D. During the first half of each month, the Chief Investment Officer shall supply the current Black-out List to Trustees and any DPF employees that, in the Chief Investment Officer’s opinion, might potentially be affected by this section (the “Affected Employees”). Additionally, prior to departure for DPF-related travel, Trustees and Affected Employees shall be issued the most current Black-out List.



Board of Trustee and Employees Ethics And Code Of Conduct Policy
As Amended through January 11, 2018
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E. Conflicts of Interest and Prohibited Transactions (continued)

- E. Notwithstanding any other DFPF policies, including those in this Policy concerning Benefits or Gifts, while an Investment Entity's name appears on the Black-out List, Trustees and Affected Employees and their immediate relatives shall not accept payment, reimbursement, complimentary admission or similar extension or subsidy for food, lodging, travel or entertainment, including any Permitted Benefit or Gift, from any person or entity identified or affiliated with said Investment Entity, including, without limitation, any placement agent of an Investment Entity (an "Investment Entity Representative"), except for:
 - i. food and beverages that would be typically or conventionally provided by a business host in connection with a business meeting and that are provided by the host at its place of business during a due diligence visit;
 - ii. food and beverages provided at regularly scheduled Investment Entity annual meetings or advisory committee meetings; and
 - iii. food and beverages provided at educational conferences where such food and beverages may be sponsored by an Investment Entity, but are available to all conference attendees.
 - F. Trustees shall not reciprocate communications from an Investment Entity Representative about the Investment Entity outside of committee or Board meetings ("ex-parte communications").
4. A System Representative shall report to the Executive Director any business relationship with a current or prospective Vendor on a signed document upon establishment of such relationship if the System Representative knows or should know that the person or entity is a current or prospective Vendor for DFPF.¹ Upon receipt of such information, the Executive Director will as promptly as practicable report apprise the Board of the facts involved.
5. A Trustee shall not lobby against legislative proposals pertaining to DFPF pension issues and benefits that have been duly approved by the Board or an authorized committee of the Board.
6. A System Representative shall not disclose any information deemed confidential by DFPF.

¹ Chapter 176, Texas Local Gov't Code.



Board of Trustee and Employees Ethics And Code Of Conduct Policy
As Amended through January 11, 2018
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E. Conflicts of Interest and Prohibited Transactions (continued)

7. Other than as a member or beneficiary of DPFP, a System Representative may have no conflict of interest during such System Representative's tenure with DPFP and for one year after tenure ends, such that System Representative shall comply with the provisions of this Policy during such System Representative's tenure, and a System Representative shall not, during such System Representative's tenure with DPFP and for one year after such tenure ends, represent any Third Party in any formal or informal appearance before the Board or DPFP staff. DPFP will not enter into or renew an existing contract with any Vendor during the one year period after the System Representative's tenure with DPFP if such Vendor employs or is represented by the System Representative unless the Board determines that such a restriction would not be in DPFP's best interest
8. Nothing in this Section shall exempt any System Representative from applicable provisions of any other laws. The standards of conduct set forth in this Section are in addition to those prescribed elsewhere in this Policy and in applicable laws and rules.

F. Gifts, Travel and Expenses

1. System Representatives shall not solicit any Benefit or Gift, including a Permitted Benefit or Gift, from any source which is a current or prospective Vendor of DPFP. All Trustees and Key Staff of DPFP shall exercise care in accepting any Permitted Benefit or Gift from any source, particularly those sources which are current or prospective Vendors of the System.
2. System Representatives shall not accept from a Vendor or prospective Vendor a Benefit or Gift that is not a Permitted Benefit or Gift. Any Benefit or Gift to a System Representative that is not a Permitted Benefit or Gift shall be returned to its source whenever possible or donated to a suitable charitable organization upon its receipt.
3. If a System Representative has a relationship with a Vendor or prospective Vendor (the "Prior Relationship") which predates the System Representative's relationship with DPFP, then the System Representative may disclose to the Board the Prior Relationship and Benefits or Gifts previously received from the Vendor or prospective Vendor (the "Prior Benefits or Gifts") due to the Prior Relationship. The Board may determine that future Benefits or Gifts received by the System Representative that are similar to the Prior Benefits or Gifts are the result of the continuation of the Prior Relationship and shall be deemed a Permitted Benefit or Gift and no further reporting obligation shall be required. If the Board has deemed a Benefit or Gift from a vendor or prospective



F. Gifts, Travel and Expenses (continued)

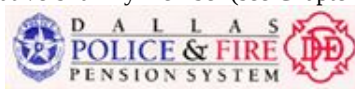
Vendor a Permitted Benefit or Gift due to a Prior Relationship as described in the sentence above, a System Representative shall report to the Board any Benefit or Gift received from such Vendor or prospective Vendor which would not reasonably be considered similar to the Prior Benefits or Gifts. The Board may require recusal of a System Representative from discussion of any matter that directly or indirectly involves a Vendor or prospective Vendor with whom such System Representative has a Prior Relationship.

4. No System Representative shall receive any Permitted Benefit or Gift through an intermediary, if the person knows, or has reason to know, that the Permitted Benefit or Gift has originated from another source.
5. In no event shall any System Representative accept a Permitted Benefit or Gift if the source of the Permitted Benefit or Gift is not identified. If the source of any Permitted Benefit or Gift cannot be ascertained, the Permitted Benefit or Gift shall be donated to a suitable charitable organization.
6. Under no circumstances shall a System Representative accept a cash Gift.
7. In no event shall any System Representative accept any expenses related to travel, other than working meals or ground transportation, the purpose of which is to determine the selection of new Vendors or to determine the assignment of continuing or additional business to existing Vendors.

G. Examples of Situations That Involve a Permitted Benefit or Gift²

1. Permitted Benefit or Gift or No Benefit or Gift Provided (and Reporting Required in Certain Situations)
 - A. A Vendor (not currently in a search) invites a System Representative to attend a sporting event at no cost to the System Representative. The Vendor and the System Representative both attend the event. Because the Vendor accompanies the System Representative to this event, the event is a Permitted Benefit or Gift. However, for purposes of Chapter 176, whether the event has to be reported depends on the whether the value of the sporting event and the value of any Gift, including transportation, lodging or entertainment received by the System Representative from the Vendor in the applicable 12-month period (as described in Chapter 176) would, in the aggregate, exceed \$100.

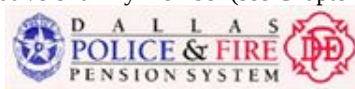
² In all scenarios, the Vendor does not have a separate employment or other business relationship with the System Representative or the System Representative's family member (see Chapters 171 and 176 for details).



G. Examples of Situations That Involve a Permitted Benefit or Gift³ (continued)

- B. A Vendor (not currently in a search) invites several System Representatives to a dinner at a restaurant. The Vendor and the System Representatives attend the dinner. Because the Vendor accompanies the System Representatives to the dinner, the dinner is a Permitted Benefit or Gift.
- C. While attending a conference, a System Representative attends a reception sponsored and attended by Vendors (none of which currently are in a search). Because the reception is widely attended and the Vendors are present, the reception is a Permitted Benefit or Gift.
- D. While attending a conference, a System Representative and all other attendees of the conference receive a bag with various items and the aggregate value of the items is under \$50 (including taxes). Because the value of the gift bag is under \$50, the gift bag is a Permitted Benefit or Gift. Whether these items must be reported under Chapter 176 depends on whether the items are from a specific Vendor or prospective Vendor and whether that Vendor has provided other gifts within the applicable 12-month period (as described by Chapter 176) that would, in the aggregate, exceed \$100.
- E. A System Representative realizes that seven months ago, he participated in a golf outing valued at \$175 as a guest of a company who had representatives at the golf outing. The company, however, now enters into a contract with DPFP in the current month. The System Representative did not know at the time of the golf outing that the company or DPFP was considering entering into the contract. Because representatives of the company were in attendance at the golf outing, the outing was a Permitted Benefit or Gift, even though the outing was over \$50. However, because the golf outing was valued at over \$100, it must be reported under Chapter 176 because the System Representative received a Gift from the Vendor during the 12-month period preceding the date that he became aware that a contract with the Vendor had been executed.
- F. A System Representative and her spouse attend a professional basketball game as guests of a company with representatives of the company present. The value of the tickets is over \$100. Six months later, the System Representative becomes aware that DPFP and the company are considering entering into a contract, even though no contract is being entered into at such time. Because the basketball

³ In all scenarios, the Vendor does not have a separate employment or other business relationship with the System Representative or the System Representative's family member (see Chapters 171 and 176 for details).



G. Examples of Situations That Involve a Permitted Benefit or Gift⁴ (continued)

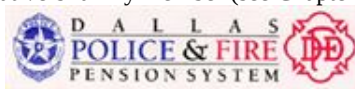
game was attended by a representative of the company, the basketball game was a Permitted Benefit or Gift, even though the value was over \$50. However, because the tickets were valued at over \$100, it must be reported under Chapter 176 because the System Representative received a Gift from the Vendor during the 12-month period preceding the date that she became aware that DPFP and the Company were considering entering into a contract.

- G. While attending a conference, a System Representative and all other attendees of the conference receive an item such as a shirt/sweater or briefcase type bag with the Vendor's name on it. Because items with Vendors' logos and/or company name generally are advertising and do not have retail value, no Benefit or Gift is provided.
- H. A System Representative attends a conference as a speaker and in return the conference pays for transportation, meals and lodging. This is a permitted honorarium, and no Benefit or Gift is provided. Whether the honorarium must be reported under Chapter 176, depends on whether the transportation, meals and lodging are from a current or prospective Vendor and whether that Vendor has provided other gifts within the applicable 12-month period (as described in Chapter 176) that would, in the aggregate, exceed \$100.

2. Benefit or Gift Provided that is Not Permitted

- A. A Vendor (not currently in a search) invites a System Representative to attend a sporting event at no cost to the System Representative, but does not plan on attending the event. Because the Vendor does not attend the event with the System Representative, a Benefit or Gift is provided that is not permitted.
- B. A System Representative, while attending a conference, wins a raffle sponsored by the conference. The prize is \$25 cash. The System Representative may not accept the cash, as it is a Benefit or Gift that is expressly prohibited under Section F.5.
- C. A System Representative, during the Christmas Holidays, receives a pen and pencil set from a Vendor. The value of the set is obviously over \$50 (including taxes). Because the value of the pen and pencil set is over \$50, the pen and pencil set is a Gift that is not permitted and should be returned to the Vendor, or if return is not possible, donated to a charitable organization.

⁴ In all scenarios, the Vendor does not have a separate employment or other business relationship with the System Representative or the System Representative's family member (see Chapters 171 and 176 for details).



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H. Undue Influence

1. Trustees recognize that, by virtue of their position of authority with the System, may have Undue Influence on DPFP staff or Consultants when communicating directly with such staff or Consultants.
2. Individual Trustees shall refer all proposals or other communications regarding potential or existing investments or other contracts or services, or matters involving general System operations, directly to the Executive Director or his or her designee and shall not communicate as to such matters with other DPFP staff or Consultants.
3. Any communication regarding a potential investment transaction, other contract, or System operations initiated by a Trustee with either DPFP staff or a Consultant in which the Trustee is advocating for a specified outcome must be documented by the employee or Consultant and reported to the Executive Director. The Executive Director will notify the Chairman of such communications for appropriate action.

I. General Provisions

1. Nothing in this policy shall excuse any Trustee, officer, or employee from any other restrictions of state or federal law concerning conflicts of interest and fiduciary duties, including but not limited to Chapters 171 and 176, Tex. Local Gov't Code, as amended (Attachment III), and the Securities and Exchange Commission "Pay to Play" Regulations, Rule 206(4)-5.⁵
2. Violation of this Policy by a Vendor will result in corrective action, up to and including termination of contract or relationship with DPFP, discipline, or initiation of removal action pursuant to any and all applicable laws. Enforcement of this Policy with respect to Trustees is provided in Section J.

J. Enforcement

1. It is the duty of all System Representatives to be aware of all provisions of this document and to abide by the letter and the spirit of this Policy.
2. If the Executive Director is notified in writing of an alleged violation of this Policy, the Executive Director shall promptly notify the Chairman of the alleged violation. If the

⁵ <http://www.sec.gov/rules/final/2010/ia-3043.pdf>.



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J. Enforcement (continued)

violation is alleged against a Trustee, the Chairman is authorized to call an ad hoc committee of four (4) Trustees who are not the subject of the allegation to review the alleged violation and make recommendations to the Board for resolution of the matter. If the Chairman is a subject of the alleged violation, the Executive Director shall promptly notify the Vice Chairman of the alleged violation. The Vice Chairman is authorized to call an ad hoc committee of four (4) Trustees who are not the subject of the allegation to review the alleged violation and make recommendations to the Board for resolution of the matter.

3. The Board shall have final decision-making authority with respect to Trustee violations of this Policy. The Executive Director shall have final decision-making authority with respect to staff violations of this Policy.

A. Available decisions for Trustee violations of this Policy are:

- i. Require that the Trustee file disclosure or conflicts report(s) within a specified time period.
- ii. Require that the Trustee attend approved specialized training within a specified time period.
- iii. Removal of the Trustee from any Committee Chairman role for a specified time period.
- iv. Removal of the Trustee from any Committee membership for a specified time period.
- v. Censure of the Trustee.
- vi. Bring suit against the Trustee for breach of fiduciary duty.

B. A decision under this Section is binding on the Trustee.

K. Compliance

Trustees and Key Staff are required to file an annual form with the System acknowledging that they have read, understand and will comply with the provisions of this Policy.



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L. Effective Date

APPROVED on January 11, 2018 by the Board of Trustees of the Dallas Police and Fire Pension System.

/s/ William F. Quinn

William F. Quinn
Chairman

ATTEST:

/s/ Kelly Gottschalk

Kelly Gottschalk
Secretary



Attachment I

The fiduciary responsibilities of a Trustee of a Public Retirement System in the state of Texas under Texas Government Code, Title 8, Section 802.203.

Sec. 802.203. FIDUCIARY RESPONSIBILITY. (a) In making and supervising investments of the reserve fund of a public retirement system, an investment manager or the governing body shall discharge its duties solely in the interest of the participants and beneficiaries:

- (1) for the exclusive purposes of:
 - (A) providing benefits to participants and their beneficiaries; and
 - (B) defraying reasonable expenses of administering the system;
- (2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;
- (3) by diversifying the investments of the system to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (4) in accordance with the documents and instruments governing the system to the extent that the documents and instruments are consistent with this subchapter.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the governing body must act prudently and in the interest of the participants and beneficiaries of the public retirement system.

(c) A Trustee is not liable for the acts or omissions of an investment manager appointed under Section 802.204, nor is a Trustee obligated to invest or otherwise manage any asset of the system subject to management by the investment manager.

(d) An investment manager appointed under Section 802.204 shall acknowledge in writing the manager's fiduciary responsibilities to the fund the manager is appointed to serve.

(e) The investment standards provided by Subsection (a) and the policies, requirements, and restrictions adopted under Section 802.204(c) are the only standards, policies, or requirements for, or restrictions on, the investment of funds of a public retirement system by an investment manager or by a governing body during a 90-day interim between professional investment management services. Any other standard, policy, requirement, or restriction provided by law is suspended and not applicable during a time, and for 90 days after a time, in which an investment manager is responsible for investment of a reserve fund. If an investment manager has not begun managing investments of a reserve fund before the 91st day after the date of termination of the services of a previous investment manager, the standards, policies, requirements, and restrictions otherwise provided by law are applicable until the date professional investment management services are resumed.

Attachment II

Chapters 171 and 176 of the Texas Local Government Code

CHAPTER 171. REGULATION OF CONFLICTS OF INTEREST OF OFFICERS OF MUNICIPALITIES, COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS

Sec. 171.001. DEFINITIONS. In this chapter:

- (1) "Local public official" means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature.
- (2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

Sec. 171.002. SUBSTANTIAL INTEREST IN BUSINESS ENTITY. (a) For purposes of this chapter, a person has a substantial interest in a business entity if:

- (1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or
 - (2) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.
- (b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.
- (c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter [573](#), Government Code, has a substantial interest under this section.

Sec. 171.0025. APPLICATION OF CHAPTER TO MEMBER OF HIGHER EDUCATION AUTHORITY. This chapter does not apply to a board member of a higher education authority created under Chapter [53](#), Education Code, unless a vote, act, or other participation by the board member in the affairs of the higher education authority would provide a financial benefit to a financial institution, school, college, or university that is:

- (1) a source of income to the board member; or
- (2) a business entity in which the board member has an interest distinguishable from a financial benefit available to any other similar financial institution or other school, college, or university whose students are eligible for a student loan available under Chapter [53](#), Education Code.

Sec. 171.003. PROHIBITED ACTS; PENALTY. (a) A local public official commits an offense if the official knowingly:

- (1) violates Section [171.004](#);
 - (2) acts as surety for a business entity that has work, business, or a contract with the governmental entity; or
 - (3) acts as surety on any official bond required of an officer of the governmental entity.
- (b) An offense under this section is a Class A misdemeanor.

Sec. 171.004. AFFIDAVIT AND ABSTENTION FROM VOTING REQUIRED. (a) If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

- (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
 - (2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
- (b) The affidavit must be filed with the official record keeper of the governmental entity.
- (c) If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

Sec. 171.005. VOTING ON BUDGET. (a) The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest.

- (b) Except as provided by Section [171.004](#)(c), the affected member may not participate in that separate vote. The member may vote on a final budget if:
- (1) the member has complied with this chapter; and
 - (2) the matter in which the member is concerned has been resolved.

Sec. 171.006. EFFECT OF VIOLATION OF CHAPTER. The finding by a court of a violation under this chapter does not render an action of the governing body voidable unless the measure that was the subject of an action involving a conflict of interest would not have passed the governing body without the vote of the person who violated the chapter.

Sec. 171.007. COMMON LAW PREEMPTED; CUMULATIVE OF MUNICIPAL PROVISIONS. (a) This chapter preempts the common law of conflict of interests as applied to local public officials.

(b) This chapter is cumulative of municipal charter provisions and municipal ordinances defining and prohibiting conflicts of interests.

Sec. 171.009. SERVICE ON BOARD OF CORPORATION FOR NO COMPENSATION. It shall be lawful for a local public official to serve as a member of the board of directors of private, nonprofit corporations when such officials receive no compensation or other remuneration from the nonprofit corporation or other nonprofit entity.

Sec. 171.010. PRACTICE OF LAW. (a) For purposes of this chapter, a county judge or county commissioner engaged in the private practice of law has a substantial interest in a business entity if the official has entered a court appearance or signed court pleadings in a matter relating to that business entity.

(b) A county judge or county commissioner that has a substantial interest in a business entity as described by Subsection (a) must comply with this chapter.

(c) A judge of a constitutional county court may not enter a court appearance or sign court pleadings as an attorney in any matter before:

(1) the court over which the judge presides; or

(2) any court in this state over which the judge's court exercises appellate jurisdiction.

(d) Upon compliance with this chapter, a county judge or commissioner may practice law in the courts located in the county where the county judge or commissioner serves.

CHAPTER 176. DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL GOVERNMENT OFFICERS; PROVIDING PUBLIC ACCESS TO CERTAIN INFORMATION

Sec. 176.001. DEFINITIONS. In this chapter:

(1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

(1-a) "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;

(B) a transaction conducted at a price and subject to terms available to the public; or

(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

(1-b) "Charter school" means an open-enrollment charter school operating under Subchapter D, Chapter [12](#), Education Code.

(1-c) "Commission" means the Texas Ethics Commission.

(1-d) "Contract" means a written agreement for the sale or purchase of real property, goods, or services.

(2) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter [573](#), Government Code.

(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter [573](#), Government Code.

(2-b) "Gift" means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.

(2-c) "Goods" means personal property.

(2-d) "Investment income" means dividends, capital gains, or interest income generated from:

(A) a personal or business:

(i) checking or savings account;

(ii) share draft or share account; or

(iii) other similar account;

(B) a personal or business investment; or

(C) a personal or business loan.

(3) "Local governmental entity" means a county, municipality, school district, charter school, junior college district, water district created under Subchapter B, Chapter [49](#), Water Code, or other political subdivision of this state or a local government corporation, board, commission, district, or authority to which a member is appointed by the commissioners court of a county, the mayor of a municipality, or the governing body of a municipality. The term does not include an association, corporation, or organization of governmental entities organized to provide to its members education, assistance, products, or services or to represent its members before the legislative, administrative, or judicial branches of the state or federal government.

(4) "Local government officer" means:

(A) a member of the governing body of a local governmental entity;

(B) a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or

(C) an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.

(5) "Records administrator" means the director, county clerk, municipal secretary, superintendent, or other person responsible for maintaining the records of the local governmental entity or another person designated by the local governmental entity to maintain statements and questionnaires filed under this chapter and perform related functions.

(6) "Services" means skilled or unskilled labor or professional services, as defined by Section [2254.002](#), Government Code.

(7) "Vendor" means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

Sec. 176.002. APPLICABILITY TO VENDORS AND OTHER PERSONS. (a) This chapter applies to a person who is:

(1) a vendor; or

(2) a local government officer of a local governmental entity.

(b) A person is not subject to the disclosure requirements of this chapter if the person is:

(1) a state, a political subdivision of a state, the federal government, or a foreign government; or

(2) an employee or agent of an entity described by Subdivision (1), acting in the employee's or agent's official capacity.

Sec. 176.003. CONFLICTS DISCLOSURE STATEMENT REQUIRED. (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(1) the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; and

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor; or

(C) has a family relationship with the local government officer.

(a-1) A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is:

(1) a political contribution as defined by Title 15, Election Code; or

(2) food accepted as a guest.

(a-2) A local government officer is not required to file a conflicts disclosure statement under Subsection (a) if the local governmental entity or vendor described by that subsection is an administrative agency created under Section [791.013](#), Government Code.

(b) A local government officer shall file the conflicts disclosure statement with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement under Subsection (a).

(c) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(1), eff. September 1, 2015.

(d) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(1), eff. September 1, 2015.

(e) The commission shall adopt the conflicts disclosure statement for local government officers for use under this section. The conflicts disclosure statement must include:

(1) a requirement that each local government officer disclose:

(A) an employment or other business relationship described by Subsection (a)(2)(A), including the nature and extent of the relationship; and

(B) gifts accepted by the local government officer and any family member of the officer from a vendor during the 12-month period described by Subsection (a)(2)(B) if the aggregate value of the gifts accepted by the officer or a family member from that vendor exceeds \$100;

(2) an acknowledgment from the local government officer that:

(A) the disclosure applies to each family member of the officer; and

(B) the statement covers the 12-month period described by Subsection (a)(2)(B); and

(3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury.

Sec. 176.006. DISCLOSURE REQUIREMENTS FOR VENDORS AND OTHER PERSONS; QUESTIONNAIRE. (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section [176.003\(a\)\(2\)\(A\)](#);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section [176.003\(a\)\(2\)\(B\)](#), excluding any gift described by Section [176.003\(a-1\)](#); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

(b) The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's business and family relationships with a local governmental entity.

(c) The questionnaire adopted under Subsection (b) must require, for the local governmental entity with respect to which the questionnaire is filed, that the vendor filing the questionnaire:

(1) describe each employment or business and family relationship the vendor has with each local government officer of the local governmental entity;

(2) identify each employment or business relationship described by Subdivision (1) with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor;

(3) identify each employment or business relationship described by Subdivision (1) with respect to which the vendor receives, or is likely to receive, taxable income, other than investment income, that:

(A) is received from, or at the direction of, a local government officer of the local governmental entity; and

(B) is not received from the local governmental entity; and

(4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the local governmental entity:

(A) serves as an officer or director; or

(B) holds an ownership interest of one percent or more.

(d) A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.

(e) A person who is both a local government officer and a vendor of a local governmental entity is required to file the questionnaire required by Subsection (a)(1) only if the person:

(1) enters or seeks to enter into a contract with the local governmental entity; or

(2) is an agent of a person who enters or seeks to enter into a contract with the local governmental entity.

(f) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(g) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(h) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(i) The validity of a contract between a vendor and a local governmental entity is not affected solely because the vendor fails to comply with this section.

Sec. 176.0065. MAINTENANCE OF RECORDS. A records administrator shall:

(1) maintain a list of local government officers of the local governmental entity and shall make that list available to the public and any vendor who may be required to file a conflict of interest questionnaire under Section [176.006](#); and

(2) maintain the statements and questionnaires that are required to be filed under this chapter in accordance with the local governmental entity's records retention schedule.

Sec. 176.008. ELECTRONIC FILING. The requirements of this chapter, including signature requirements, may be satisfied by electronic filing in a form approved by the commission.

Sec. 176.009. POSTING ON INTERNET. (a) A local governmental entity that maintains an Internet website shall provide access to the statements and to questionnaires required to be filed under this chapter on that website. This subsection does not require a local governmental entity to maintain an Internet website.

(b) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 847, Sec. 3(b), eff. January 1, 2014.

Sec. 176.010. REQUIREMENTS CUMULATIVE. The requirements of this chapter are in addition to any other disclosure required by law.

Sec. 176.012. APPLICATION OF PUBLIC INFORMATION LAW. This chapter does not require a local governmental entity to disclose any information that is excepted from disclosure by Chapter [552](#), Government Code.

Sec. 176.013. ENFORCEMENT. (a) A local government officer commits an offense under this chapter if the officer:

- (1) is required to file a conflicts disclosure statement under Section [176.003](#); and
- (2) knowingly fails to file the required conflicts disclosure statement with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

(b) A vendor commits an offense under this chapter if the vendor:

- (1) is required to file a conflict of interest questionnaire under Section [176.006](#); and
- (2) either:
 - (A) knowingly fails to file the required questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of the facts that require the filing of the questionnaire; or
 - (B) knowingly fails to file an updated questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in a questionnaire previously filed by the vendor incomplete or inaccurate.

(c) An offense under this chapter is:

- (1) a Class C misdemeanor if the contract amount is less than \$1 million or if there is no contract amount for the contract;
 - (2) a Class B misdemeanor if the contract amount is at least \$1 million but less than \$5 million; or
 - (3) a Class A misdemeanor if the contract amount is at least \$5 million.
- (d) A local governmental entity may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under this chapter.
- (e) The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a vendor failed to file a conflict of interest questionnaire required by Section [176.006](#).
- (f) It is an exception to the application of Subsection (a) that the local government officer filed the required conflicts disclosure statement not later than the seventh business day after the date the officer received notice from the local governmental entity of the alleged violation.
- (g) It is an exception to the application of Subsection (b) that the vendor filed the required questionnaire not later than the seventh business day after the date the vendor received notice from the local governmental entity of the alleged violation.



DISCUSSION SHEET

ITEM #C14

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 DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.

- a. DPFP v. City of Dallas**
- b. Dallas Police Retiree Association v. DPFP**

Discussion:

Counsel will brief the Board on these issues.

Regular Board Meeting – Thursday, November 13, 2025



DISCUSSION SHEET

ITEM #D1

Topic: Public Comment

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

Regular Board Meeting – Thursday, November 13, 2025



DISCUSSION SHEET

ITEM #D2

Topic: Executive Director's Report

- a. Associations' newsletters
 - [NCPERS Monitor \(November 2025\)](#)
 - [NCPERS PERSist \(Fall 2025\)](#)
- b. Open Records

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

Regular Board Meeting – Thursday, November 13, 2025