

AGENDA



Date: May 8, 2026

The supplemental meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, May 14, 2026, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via online Zoom meeting for audio and visual <https://us02web.zoom.us/j/87016110261?pwd=X5BI7ZPfbAJ9e7dkj6bbwtsdEXgskX.1> (Meeting ID: 870 1611 0261, Passcode: 455566), or participants may join the meeting audio via telephone by calling 1-719-359-4580. Items of the following agenda will be presented to the Board:

A. APPROVAL OF MINUTES

Regular meeting of April 9, 2026

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. January 1, 2026 Actuarial Valuation**
- 2. Quarterly Financial Reports**

C. BRIEFING ITEMS

Public Comment

The term “possible action” in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by 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.

**Dallas Police and Fire Pension System
Thursday, April 9, 2026
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room Dallas, TX**

Supplemental meeting, Michael Taglienti, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:31 a.m. Michael Taglienti, Tom Tull, Tina Hernandez Patterson, Matthew Shomer, Joe Colonna, Yvette Duenas, David Kelly, Rob Walters

Virtual at 8:31 a.m. Steve Idoux

Absent Anthony Scavuzzo, Scott Letier

Staff Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Divyesh Shah, Kyle Schmit, Luis Solorzano Trejo, John Holt, Nien Nguyen, Milissa Romero

Virtual Cynthia J. Thomas, Lydia LoSasso, Sasha Sigman, Bill Scoggins, Trish Wiley, Aubrey Rosalez

Others Brandon Bair

Virtual Trevor Lowman

* * * * *

The Supplemental meeting was called to order and recessed at 8:31 a.m.

The Supplemental meeting was reconvened at 9:19 a.m.

* * * * *

A. APPROVAL OF MINUTES

Regular meeting of March 12, 2026

After discussion, Mr. Shomer made a motion to approve the minutes of the meeting of March 12, 2026. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

* * * * *

**Supplemental Board Meeting
Thursday, April 9, 2026**

B. BRIEFING ITEMS

Public Comment

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

* * * * *

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 9:20 a.m.

Michael Taglienti,
Chairman

ATTEST:

Kelly Gottschalk,
Secretary



DISCUSSION SHEET
Supplemental
ITEM #B1

Topic: January 1, 2026 Actuarial Valuation

Attendees: Jeff Williams, Vice President and Consulting Actuary, Segal

Discussion: Jeff Williams of Segal, DPF's actuarial firm, will discuss results of the January 1, 2026 actuarial valuation report.

Staff

Recommendation: **Approve** issuance of the January 1, 2026 actuarial valuation report, subject to final review by the auditors (BDO) and review and approval by the Executive Director.

Supplemental Board Meeting– Thursday, May 14, 2026



Dallas Police and Fire Pension System

Annual Valuation Summary as of January 1, 2026

May 14, 2026
Board of Trustees Meeting

Jeff Williams, Vice President and Consulting Actuary



January 1, 2026 Actuarial Valuation Highlights

Financial information

- Actuarial value of assets (AVA) increased from \$1.89B to \$2.03B
- Market value of assets (MVA) increased from \$2.01B to \$2.25B
- Net cashflow increased from -\$97.8M in 2024 to -\$66.7M in 2025
- Currently \$225.1M in unrecognized asset gains; \$119.1M last year
- Rates of return
 - Assumed return of 6.50%
 - MVA return of 15.49%
 - AVA return of 10.78%



Funded ratios

- On AVA basis, increased from 34.05% in 2025 to 35.17% in 2026
- On MVA basis, increased from 36.19% in 2025 to 39.08% in 2026

Strong investment performance drove modest improvement, but the System remains significantly underfunded.

January 1, 2026 Actuarial Valuation Highlights

Experience gain/loss

- The total actuarial gain was 0.98% of actuarial accrued liability (AAL)
 - Gain from investments of 1.39% of AAL
 - Loss from demographic/other experience of 0.41% of AAL; primarily due to the active population increase

Plan changes

- The following plan change was added per the Funding Agreement:
 - Effective January 1, 2026, individuals in pension status may receive supplemental payments equal to up to 2% of annual pension benefits (excluding DROP), continuing until the System is able to grant a Cost-of-Living Adjustment (COLA) after the Plan has reached 70% funding
 - The supplemental pay consists of two components:
 - Automatic payment (1%): Payable only to individuals in pension status prior to January 1, 2026
 - Contingent payment (additional 1%): Payable to all individuals in pension status, if the System achieves a positive investment return in the prior plan year; System assumed to have positive return 70% of the time
- As a result of these plan changes:
 - Total normal cost (NC) increased by \$0.3 million
 - AAL increased by \$51.0 million
 - Increase in actuarial determined contribution (ADC) of \$3.2 million, or 0.50% of projected pay

January 1, 2026 Actuarial Valuation Highlights

Actuarial Determined Contribution (ADC)

- The ADC for City's fiscal year beginning October 1, 2026 is **\$286.0M** or **44.59%** of projected pay
 - The ADC consists of the NC (amount contributed towards the participant's benefits) and payment on unfunded AAL (UAAL)
 - The employer NC portion of the ADC, including administrative expense assumption, is 9.45% of projected pay, before adjustment for timing
 - Member contributions are 13.50% of pay

Funding Agreement contribution

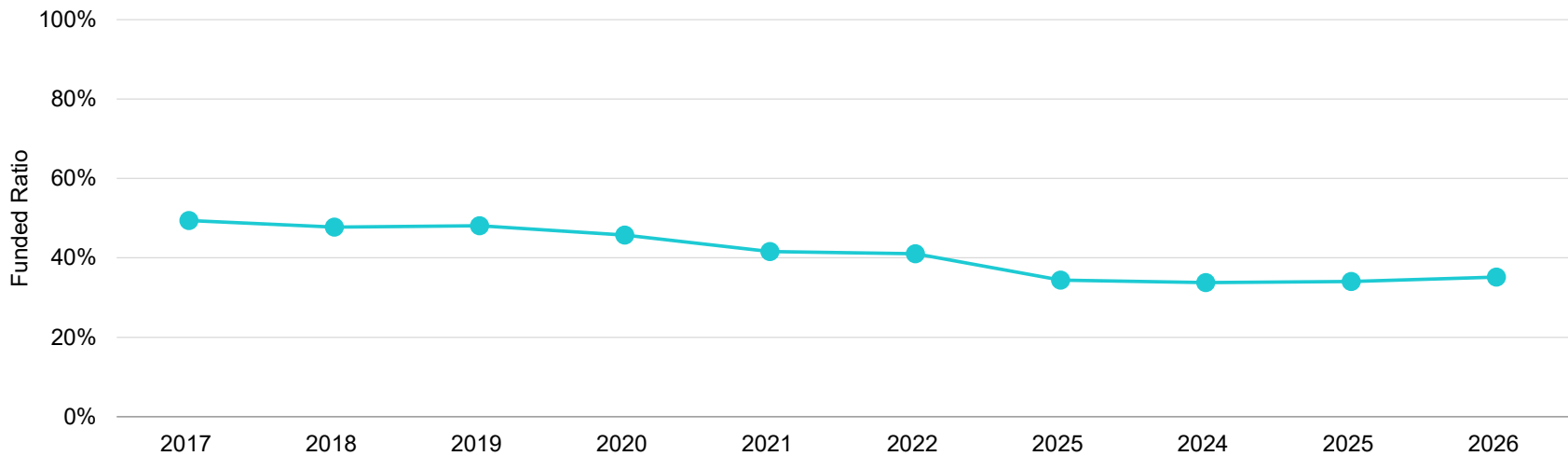
- Funding Agreement adopted by the Board in December 2025
 - Designed to reduce volatility of City's contribution
 - Sets maximum payments through fiscal year ending September 30, 2054
 - Based on initial 30-year amortization of UAL as of January 1, 2023 and percent-of-pay corridors
- The estimated City contribution per for the Funding Agreement for City's fiscal year beginning October 1, 2026 is **\$247.0M** or **38.51%** of projected pay
- The additional cost of the Supplemental Payments will not be added to the City's contribution until October 1, 2027
 - If included this year, the estimated City's contribution would increase \$2.9M, or 0.45% of projected pay

Summary of Key Valuation Results

Valuation Result	Current October 1, 2026	Prior October 1, 2025
Contributions for City's fiscal year beginning:		
• City's actuarially determined contribution (ADC)	\$286,034,600	\$258,459,201
• City's ADC as a percent of projected pay	44.59%	46.29%
• Expected City contributions based on Funding Agreement	\$247,037,036	\$223,665,851
• Actual City contributions for fiscal year ended September 30	—	\$204,888,932
Actuarial accrued liability for plan year beginning:		
	January 1, 2026	January 1, 2025
• Retired members and beneficiaries	\$3,551,323,063	\$3,520,994,086
• Inactive vested members	33,632,967	35,874,365
• Inactive members due a refund of employee contributions	1,332,724	1,108,763
• Active members	2,174,200,290	1,999,280,067
• Total	\$5,760,489,044	\$5,557,257,281
• Normal cost including administrative expenses for plan year beginning January 1	144,991,520	128,029,735
Assets for plan year beginning January 1:		
• Market value of assets (MVA)	\$2,251,124,585	\$2,011,422,373
• Actuarial value of assets (AVA)	2,025,998,519	1,892,332,008
• Actuarial value of assets as a percentage of market value of assets	90.00%	94.08%
Funded status for plan year beginning January 1:		
• Unfunded actuarial accrued liability on market value of assets	\$3,509,364,459	\$3,545,834,908
• Funded percentage on MVA basis	39.08%	36.19%
• Unfunded actuarial accrued liability on actuarial value of assets	\$3,734,490,525	\$3,664,925,273
• Funded percentage on AVA basis	35.17%	34.05%
• Projected year of full funding	2053	2053
• Period remaining on initial bases	27	28

Schedule of Funding Progress through December 31, 2025

Valuation January 1	AVA (a)	AAL (b)	UAAL (b) – (a)	Funded Ratio (a) / (b)	Computation Pay (c)	UAAL as % of Pay [(b) – (a)] / (c)
2017	\$2,157,799,730	\$4,367,180,454	\$2,209,380,724	49.41%	\$357,414,472	618.16%
2018	2,151,039,343	4,505,437,185	2,354,397,842	47.74%	346,036,690	680.39%
2019	2,161,899,662	4,494,822,504	2,332,922,842	48.10%	363,117,415	642.47%
2020	2,160,125,611	4,723,972,480	2,563,846,869	45.73%	396,954,743	645.88%
2021	2,127,834,406	5,115,966,592	2,988,132,186	41.59%	427,440,530	699.08%
2022	2,117,978,431	5,158,782,340	3,040,803,909	41.06%	436,971,384	695.88%
2023	1,806,567,341	5,249,014,813	3,442,447,472	34.42%	462,820,226	743.80%
2024	1,831,293,364	5,419,015,764	3,587,722,400	33.79%	469,275,612	764.52%
2025	1,892,332,008	5,557,257,281	3,664,925,273	34.05%	544,095,176	673.58%
2026	2,025,998,519	5,760,489,044	3,734,490,525	35.17%	625,182,352	597.34%



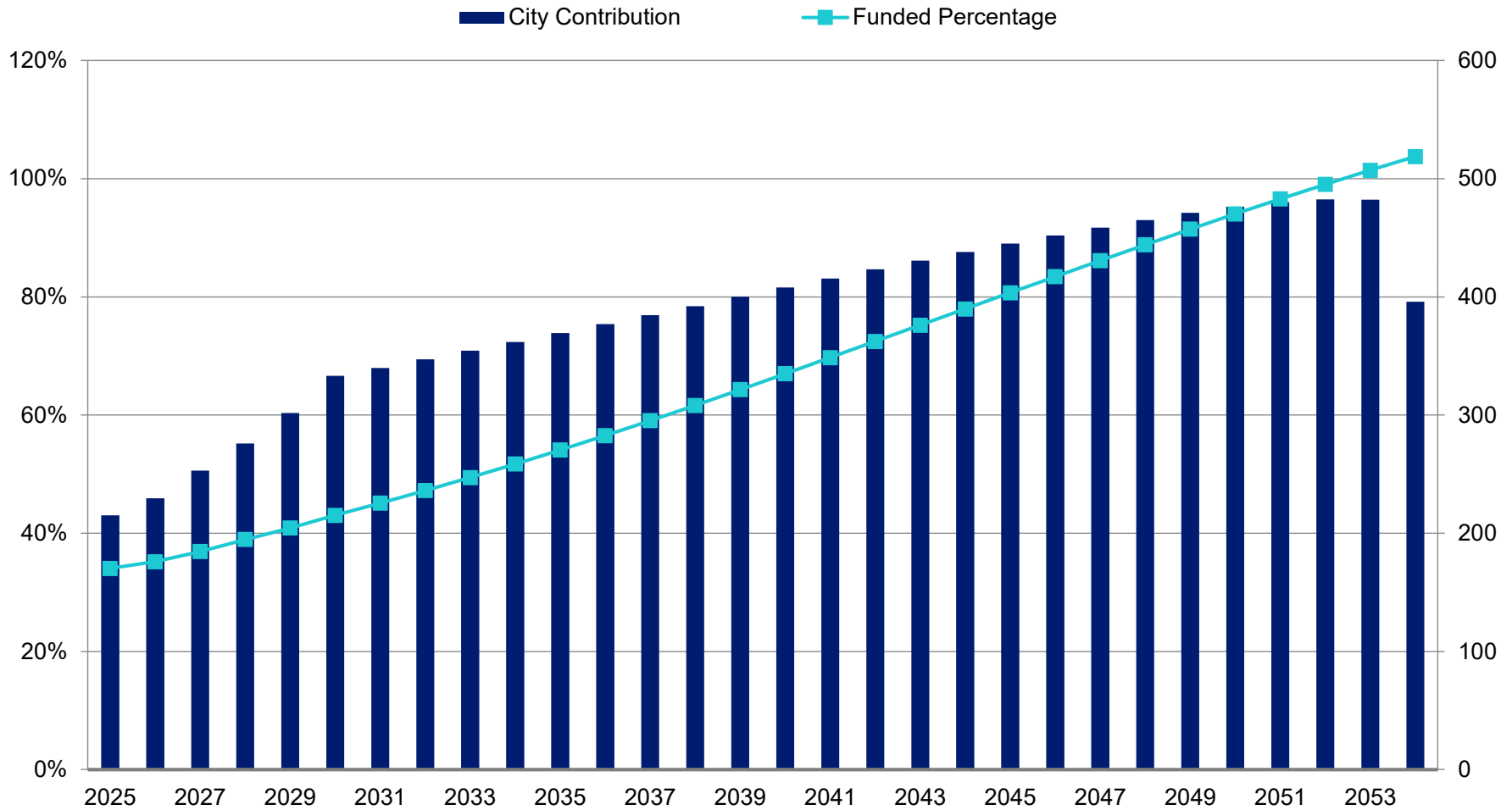
History of Employer Contributions

ADC versus Actual Contribution

Valuation January 1	City's Fiscal Year Ended September 30	ADC	Actual City Contribution during Fiscal Year	%of ADC Contributed
2024	2025	\$217,612,884	\$204,888,932	94.15%
2025	2026	258,459,201	--	--
2026	2027	286,034,600	--	--

City contributions are structurally below ADC due to Funding Agreement, which dictates set amounts and percent-of-pay corridors through September 30, 2029.

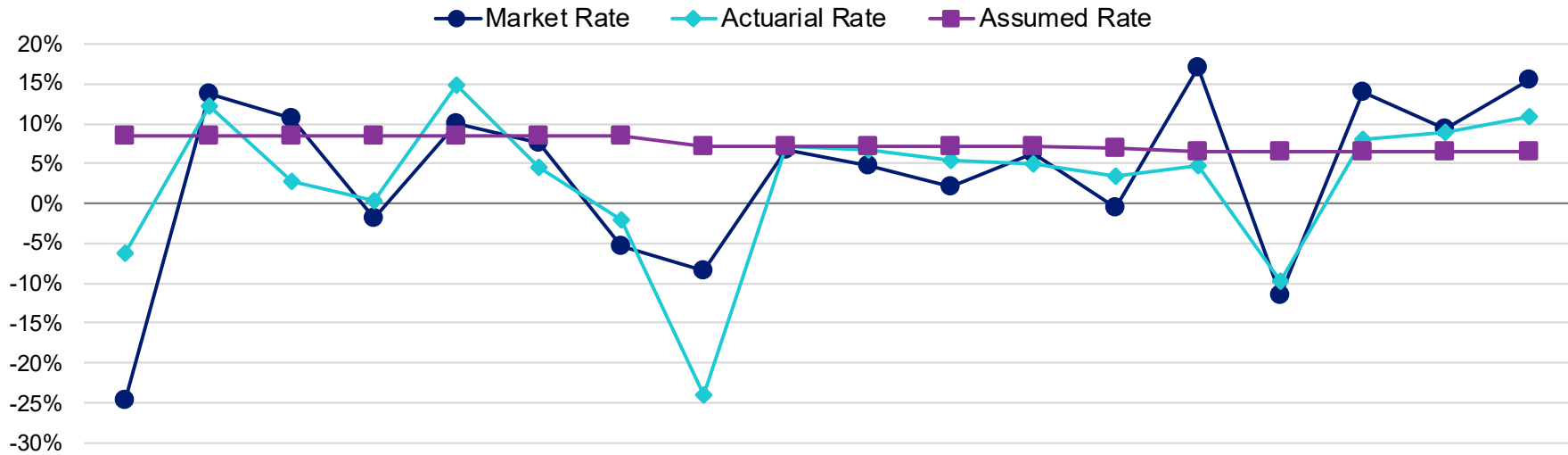
Projection of Funded Percentage and City Contributions (\$ Millions)



The projection above anticipates that all actuarial assumptions are met in the future and the City contributes per the Funding Agreement.

Historical Investment Returns

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



Legend	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
■ Market rate ¹	-24.80%	13.78%	10.72%	-1.78%	9.92%	7.70%	-5.35%	-8.47%	6.82%	4.74%	2.09%	6.25%	-0.45%	16.99%	-11.46%	13.90%	9.25%	15.49%
◆ Actuarial rate ²	-6.14%	12.29%	2.69%	0.43%	14.79%	4.52%	-1.98%	-24.03%	7.16%	6.63%	5.48%	5.05%	3.46%	4.68%	-9.75%	7.98%	8.91%	10.78%
■ Assumed rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	7.25%	7.25%	7.25%	7.25%	7.25%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%

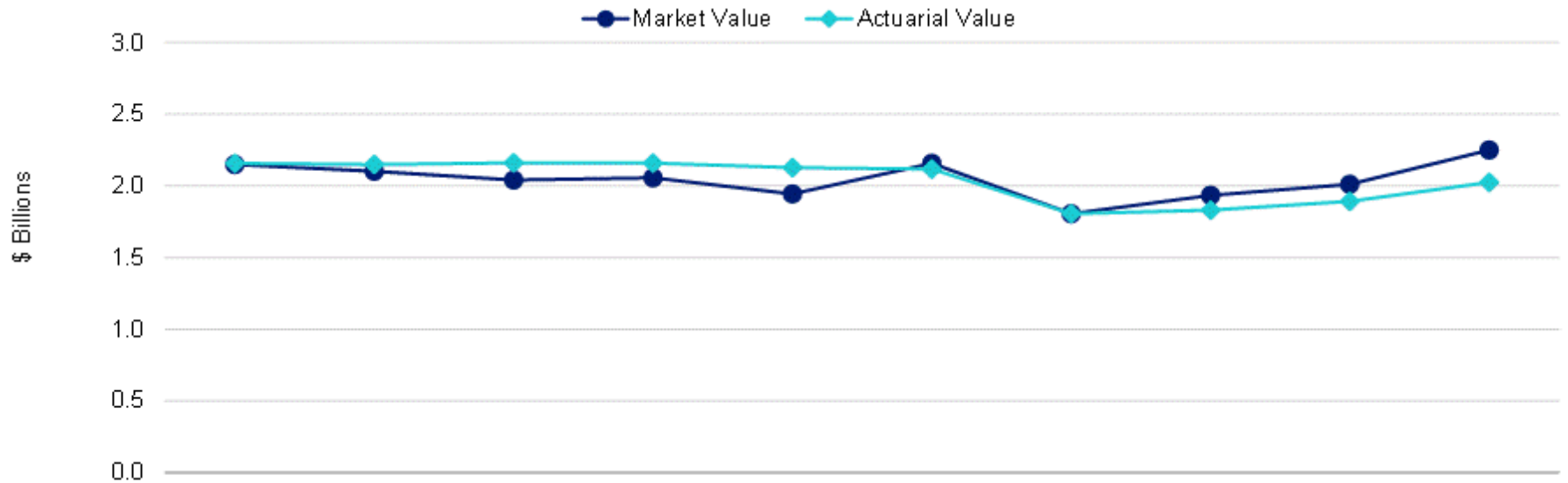
Average Rates of Return	Market Value	Actuarial Value
Most recent five-year average return:	8.37%	1.55%
Most recent ten-year average return:	6.08%	3.69%
Most recent 15-year average return:	3.57%	-0.15%
18-year average return:	2.44%	0.45%

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

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

Asset History for Years Ended December 31

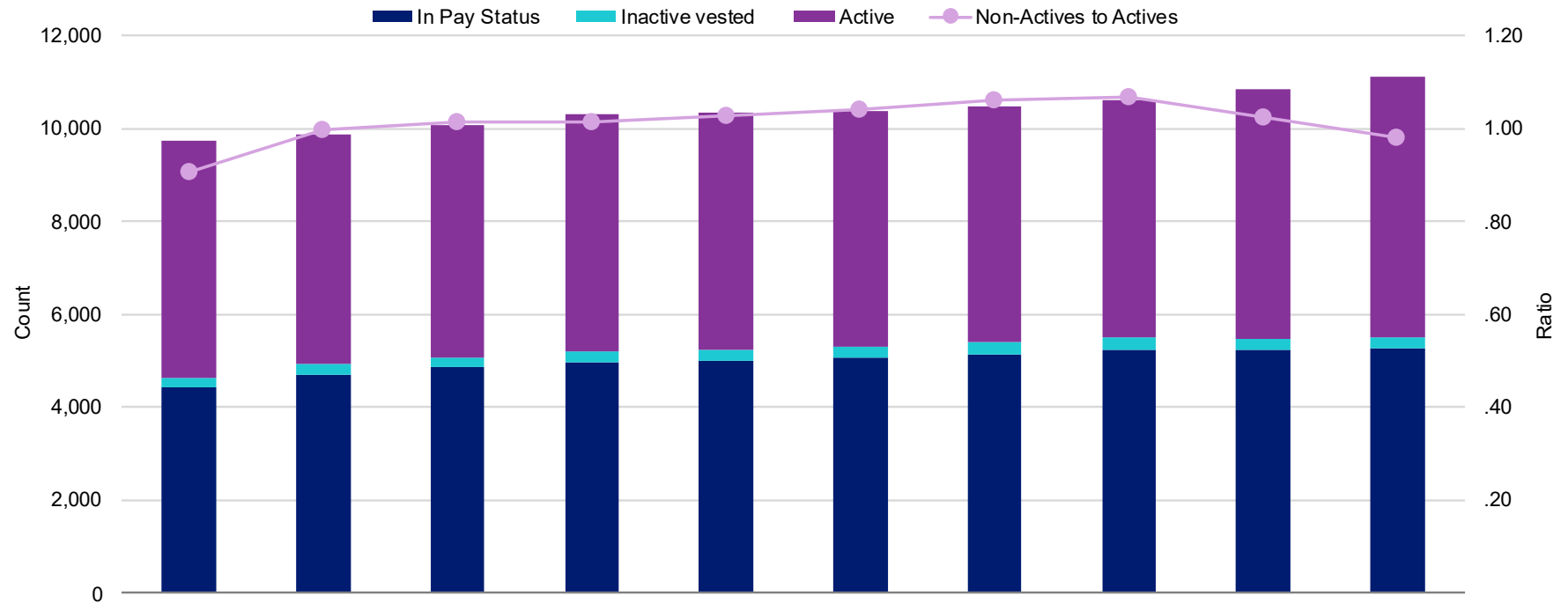
Market Value of Assets vs Actuarial Value of Assets



Legend	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market value ¹	\$2.15	\$2.10	\$2.04	\$2.06	\$1.94	\$2.16	\$1.81	\$1.93	\$2.01	\$2.25
Actuarial value ¹	2.16	2.15	2.16	2.16	2.13	2.12	1.81	1.83	1.89	2.03
Ratio	1.00	1.02	1.06	1.05	1.09	0.98	1.00	0.95	0.94	0.90

¹ In \$ billions

Participant Population as of December 31



Legend	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
In Pay Status ¹	4,414	4,706	4,849	4,956	5,003	5,071	5,142	5,231	5,242	5,272
Inactive Vested ²	215	226	230	242	241	233	252	254	240	235
Active	5,104	4,952	5,012	5,121	5,106	5,088	5,085	5,131	5,356	5,606
Ratio	0.91	1.00	1.01	1.02	1.03	1.04	1.06	1.07	1.02	0.98

¹ Exclude beneficiaries who only have a DROP account.

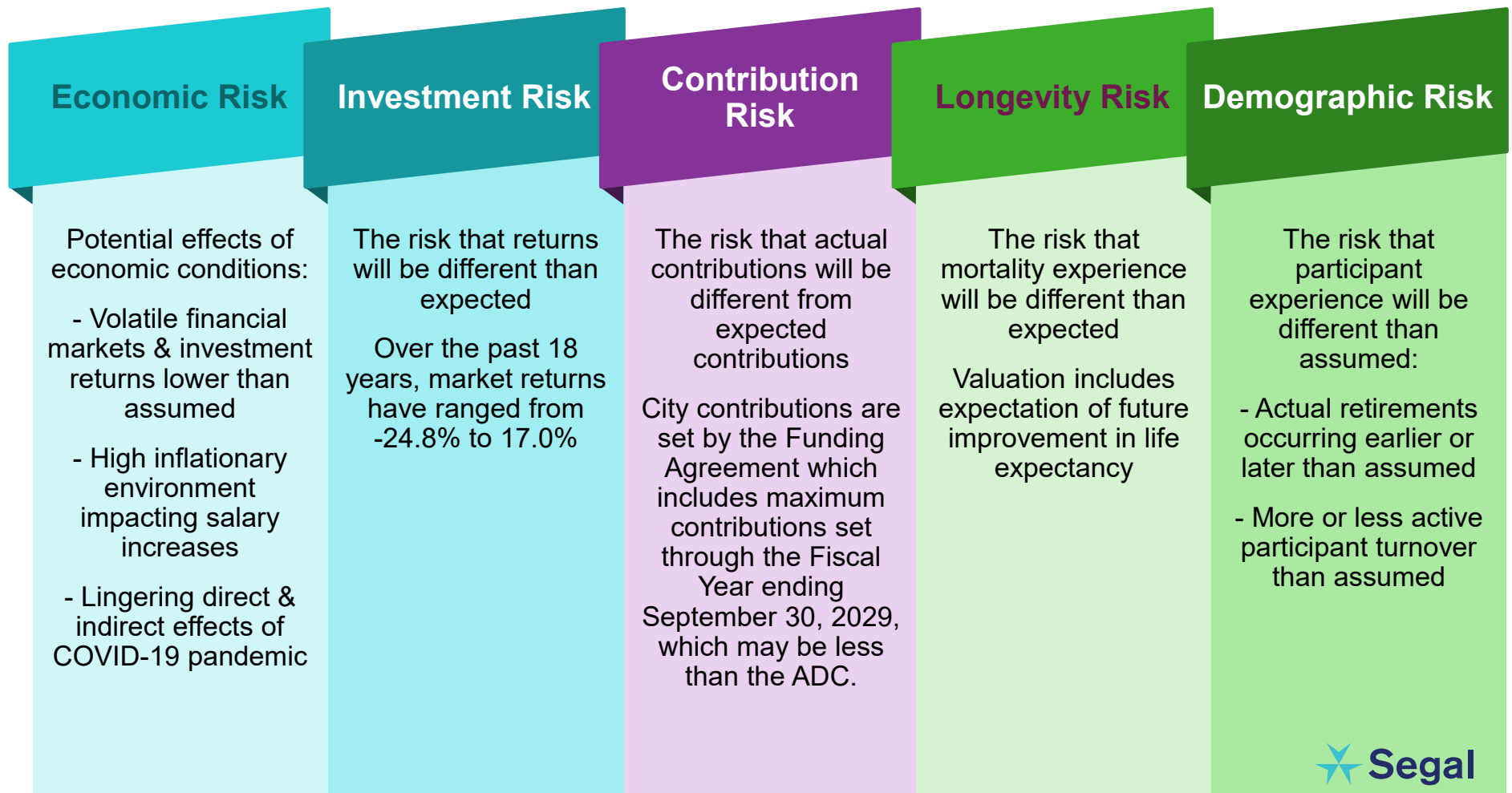
² Excludes terminated participants due a refund of employee contributions.

Plan Demographics

Category	Year Ended December 31, 2025	Year Ended December 31, 2024	Change From Prior Year
Active members in valuation:			
• Number	5,606	5,356	4.7%
• Average age	39.8	39.9	-0.1
• Average years of service	12.3	12.4	-0.1
• Average computation pay	\$111,520	\$101,586	9.8%
• Account balances	542,287,619	490,230,548	10.6%
• Total active vested members	3,996	3,976	0.5%
Active members in valuation (excluding DROP):			
• Number	5,428	5,161	5.2%
• Average age	39.1	39.2	-0.1
• Average years of service	11.6	11.6	0.0
• Average computation pay	\$110,966	\$101,054	9.8%
Active members in valuation (DROP only):			
• Number	178	195	-8.7%
• Average age	60.9	60.1	0.8
• Average years of service	34.6	33.8	0.8
• Average computation pay	\$128,429	\$115,679	11.0%
• DROP Account balances	75,580,875	78,774,807	-4.1%
Inactive vested members:			
• Number	235	240	-2.1%
• Average age	42.4	42.4	0.0
• Average monthly benefit	\$1,283	\$1,324	-3.1%
Inactive nonvested members due a refund:			
• Number	229	234	-2.1%
• Accumulated contribution balance	\$1,332,724	\$1,108,763	20.2%
Retired members:			
• Number in pay status	3,932	3,917	0.4%
• Average age	69.1	68.7	0.4
• Average monthly benefit	\$4,994	\$4,971	0.5%
Disabled members:			
• Number in pay status	95	98	-3.1%
• Average age	68.7	68.2	0.5
• Average monthly benefit	\$3,561	\$3,554	0.2%
Beneficiaries:			
• Number in pay status	1,245	1,227	1.5%
• Average age (excludes child beneficiaries)	73.8	73.7	0.1
• Average monthly benefit	\$2,631	\$2,619	0.5%
Beneficiaries with DROP only:	227	203	11.8%

Risk

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



Supplemental Plan

January 1, 2026 Actuarial Valuation Highlights

Financial information

- Market value of assets (MVA) increased from \$22.85M to \$25.89M
- Net cashflow decreased from \$1.17M in 2024 to \$0.34M in 2025
- Rates of return
 - Assumed return of 6.50%
 - Actual return of 11.70%

Funded ratio

- Increased from 50.03% in 2025 to 53.00% in 2026



Like the Main Plan, strong investment performance drove modest improvement, but the Supplemental Plan also remains significantly underfunded.

Supplemental Plan January 1, 2026 Actuarial Valuation Highlights

Experience gain/loss

- The total actuarial loss was 1.35% of actuarial accrued liability (AAL)
 - Gain from investments of 2.48% of AAL
 - Loss from demographic/other experience of 3.83% of AAL; primarily due to the active population and pay increase

Plan changes

- The following plan change was added per the Funding Agreement:
 - Effective January 1, 2026, individuals in pension status may receive supplemental payments equal to up to 2% of annual pension benefits (excluding DROP), continuing until the System is able to grant a Cost-of-Living Adjustment (COLA) after the Plan has reached 70% funding
 - The supplemental pay consists of two components:
 - Automatic payment (1%): Payable only to individuals in pension status prior to January 1, 2026
 - Contingent payment (additional 1%): Payable to all individuals in pension status, if the System achieves a positive investment return in the prior plan year; System assumed to have positive return 70% of the time
- As a result of these plan changes:
 - Total normal cost (NC) increased by 0.5%
 - AAL increased by 1.1%
 - Increase in actuarial determined contribution (ADC) of \$67.6 thousand

Supplemental Plan January 1, 2026 Actuarial Valuation Highlights

Actuarial Determined Contribution (ADC)

- The ADC for 2026 is **\$3,663,534**
 - The ADC consists of the NC (amount contributed towards the participant's benefits) and payment on unfunded AAL (UAAL)
 - Member contributions are 13.50% of pay

Caveats

- This presentation is intended for the use of the Board of Trustees for the Dallas Police and Fire Pension System and is a supplement to Segal's full valuation reports for the System as of January 1, 2026.
- Please refer to the full valuation reports for a description of assumptions and plan provisions reflected in the results shown in this presentation. The reports also include more comprehensive information regarding the System's membership, assets, and experience during the most recent plan year.
- Projections, by their nature, are not a guarantee of future results. They are intended to serve as estimates of future financial outcomes that are based on assumptions about future experience and the information available to us at the time the modeling is undertaken and completed. The projected future results included in this presentation show how the System would be affected if specific investment return, salary, mortality, turnover, disability and retirement assumptions are met. Actual results may differ due to such variables as demographic experience, the economy, contribution patterns, stock market performance and the regulatory environment.
- These actuarial calculations were directed under the supervision of Jeffrey S. Williams, ASA, FCA, MAAA, EA. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in the actuarial valuation were selected by the Board of Trustees based upon my analysis and recommendations. In my opinion, the assumptions are reasonable and take into account the experience of the System and reasonable expectations. In addition, in my opinion, the combined effect of these assumptions is expected to have no significant bias.
- This document should not be shared, copied or quoted, in whole or in part, without the consent of Segal, except to the extent otherwise required by law.

Questions?

Jeffrey S. Williams, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary
jwilliams@segalco.com
678.306.3147

Caitlin Grice, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary
cgrice@segalco.com
202.222.5187



Dallas Police and Fire Pension System Supplemental Plan

Actuarial Valuation and Review as of January 1, 2026



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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Segal



2727 Paces Ferry Road SE, Building
One Suite 1400
Atlanta, GA 30339-4053
segalco.com
T 678.306.3100

May 6, 2026

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of January 1, 2026. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal 2026.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Trustees, based upon information provided by the staff of the Dallas Police and Fire Pension System.

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Jeffrey S. Williams. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon my analysis and recommendations. In my opinion, the assumptions are

Board of Trustees
May 6, 2026

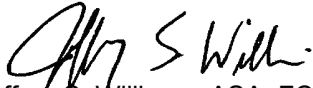
reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in my opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

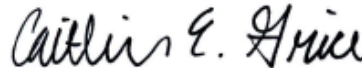
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal



Jeffrey S. Williams, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary



Caitlin E. Grice, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present a valuation of the Dallas Police and Fire Pension System Supplemental Plan as of January 1, 2026. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to provide information for required disclosures under Governmental Accounting Standards Board (GASB) Statement No. 67.

The contribution requirements presented in this report are based on:

- The benefit provisions of the Supplemental Plan, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of [December 31, 2025, provided by the System's IT Department;
- The assets of the Plan as of December 31, 2025, provided by the System's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc.;
- Article 6243a-1, as amended by House Bill 3158 (HB 3158), signed into law by the Governor of Texas on May 31, 2017; and
- The Funding Agreement with the city of Dallas adopted by the Board of Trustees of the Pension System on December 11, 2025.

The majority of assumptions and methods used to value the Plan were set by the Board based on recommendations made by Segal following a five-year experience study for the period ended December 31, 2024.

Certain disclosure information required by GASB Statement No. 68 as of September 30, 2026 for the City is provided in a separate report.

Section 1: Actuarial Valuation Summary

Valuation highlights

Developments since last valuation

- **Asset returns:** The rate of return on the market value of assets was 11.70% for the year ending December 31, 2025. Note that this value may differ slightly from the value calculated by the investment consultant due to differences in methodology. Since the market value of assets is equivalent to the actuarial value of assets, the effective return on the actuarial value of assets was also 11.70% for the same period. This resulted in an actuarial gain when measured against the assumed rate of return of 6.50%. This actuarial investment gain decreased the Actuarial Determined Contribution (ADC) by \$140,086. We advise the Board to continue to monitor actual and anticipated investment returns relative to the assumed long-term rate of return on investments of 6.50%.
- **Contributions:** Actual contributions made during the year ending December 31, 2025 of \$3,354,094 were 100.00% of the actuarially determined contribution. In the prior year, actual contributions were 111.80% of the prior year ADC.
- **Experience:** The actuarial loss of \$653,287, or 1.35% of actuarial accrued liability, is due to an investment gain of \$1,197,676, or 2.48% of actuarial accrued liability, and a loss from sources other than investments of \$1,850,963, or 3.83% of the actuarial accrued liability prior to reflection of plan changes.
- **Plan provisions:** The following plan change is included in this valuation per the Funding Agreement:
 - Effective January 1, 2026, individuals in pension status may receive supplemental payments equal to up to 2% of annual pension benefits (excluding DROP), determined as of the beginning of each plan year, continuing until the System is able to grant a Cost-of-Living Adjustment (COLA) in accordance with the provisions of 6243a-1 after the Plan has reached 70% funding.
 - The supplemental payment consists of two components:
 - Automatic payment (1%): Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent payment (additional 1%): Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Accordingly, individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

As a result of these plan changes, the employer normal cost increased by \$6,193 and the actuarial accrued liability increased by \$523,464. The total impact was an increase in the ADC of \$67,618.

Section 1: Actuarial Valuation Summary

Actuarial valuation results

- **Funded ratio:** The funded ratio (the ratio of the actuarial value of assets to actuarial accrued liability) is 53.00%, compared to the prior year funded ratio of 50.03%. This ratio is one measure of funding status, and its history is a measure of funding progress. These measurements are not necessarily appropriate for assessing the sufficiency of the plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.
- **Actuarially determined contribution (ADC):** The ADC for the upcoming year is \$3,663,534, an increase of \$309,440 from the prior valuation.
- **Unfunded actuarial accrued liability (UAAL):** The UAAL (the excess of the actuarial accrued liability over the actuarial value of assets) is \$22,957,090, which is an increase of \$126,038 since the prior valuation.
- **Asset smoothing:** There is no smoothing method in place
- **GASB Accounting:** The information contained in Section 5 provides the accounting information for Governmental Accounting Standards Board (GASB) Statement No. 67, for inclusion in the Plan's financial statements as of December 31, 2025. The Net Pension Liability (NPL) and Pension Expense under GASB statement No. 68 for the inclusion in the City's financial statement as of September 30, 2026 will be provided separately. The NPL is equal to the difference between the Total Pension Liability (TPL) and the Plan's fiduciary net position (equal to the market value of assets). The NPL as of December 31, 2026 is \$23.0 million.

Funding considerations

- **Funding method:** Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and the principal balance. In the funding policy adopted by the Board, the UAAL as of January 1, 2020 was amortized over a closed, 20-year period, with future gains or losses each year thereafter amortized over separate, closed, 10-year periods. Amortization will remain on a level percentage of pay basis.
- **Effective amortization period:** The UAAL is projected to be fully amortized in 10 years based on the System's funding policy.

Risk

- **Snapshot date:** It is important to note that this actuarial valuation is based on plan assets as of December 31, 2025. The Plan's funded status does not reflect short-term economic fluctuations but rather is based on the market values on the last day of the plan year. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Section 1: Actuarial Valuation Summary

- **Understanding risk:** Since the actuarial valuation results are dependent on a given set of assumptions, there is a risk that emerging results may differ significantly as actual experience proves to be different from the assumptions. A more detailed assessment of the risks would provide the Board with a better understanding of the inherent risks in the Plan. This assessment may include scenario testing, sensitivity testing, stress testing and stochastic modeling.
 - We have not been engaged to perform a detailed analysis of the potential range of the impact of risk relative to the Plan's future financial condition but have included a brief discussion of some risks that may affect the Plan in Section 2.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Contributions for plan year beginning:	January 1, 2026	January 1, 2025
• Actuarially determined contributions	\$3,663,534	\$3,354,094
• Actuarially determined contributions as a percent of computation payroll	146.09%	176.32%
• Actual employer contributions	—	\$3,354,094
Actuarial accrued liability for plan year beginning:	January 1, 2026	January 1, 2025
• Retired members and beneficiaries	\$33,366,530	\$33,105,706
• Active members	15,479,762	12,579,911
• Total	\$48,846,292	\$45,685,617
• Normal cost including administrative expenses for plan year beginning January 1	1,367,773	1,192,626
Assets for plan year beginning January 1:		
• Actuarial (market) value of assets	25,889,202	22,854,565
Funded status for plan year beginning January 1:		
• Unfunded actuarial accrued liability	\$22,957,090	\$22,831,052
• Funded percentage	53.00%	50.03%
• Effective amortization period	10	11

Section 1: Actuarial Valuation Summary

Valuation Result	Current	Prior
Key assumptions:		
• Net investment return	6.50%	6.50%
• Inflation rate	3.50%	3.50%
GASB information:		
• Discount rate	6.50%	6.50%
• Total Pension Liability	\$48,938,093	\$45,703,525
• Plan Fiduciary Net Position	25,889,202	22,854,565
• Net Pension Liability	23,048,891	22,848,960
• Plan Fiduciary Net Position as a percentage of Total Pension Liability	52.90%	50.01%
Demographic data for plan year beginning January 1:		
• Number of retired members and beneficiaries	157	159
• Number of DROP only beneficiaries	6	3
• Number of active members	62	57
• Total supplemental computation pay ¹	\$2,507,808	\$1,902,315
• Average supplemental computation pay	40,449	33,374

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.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant information	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the System. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

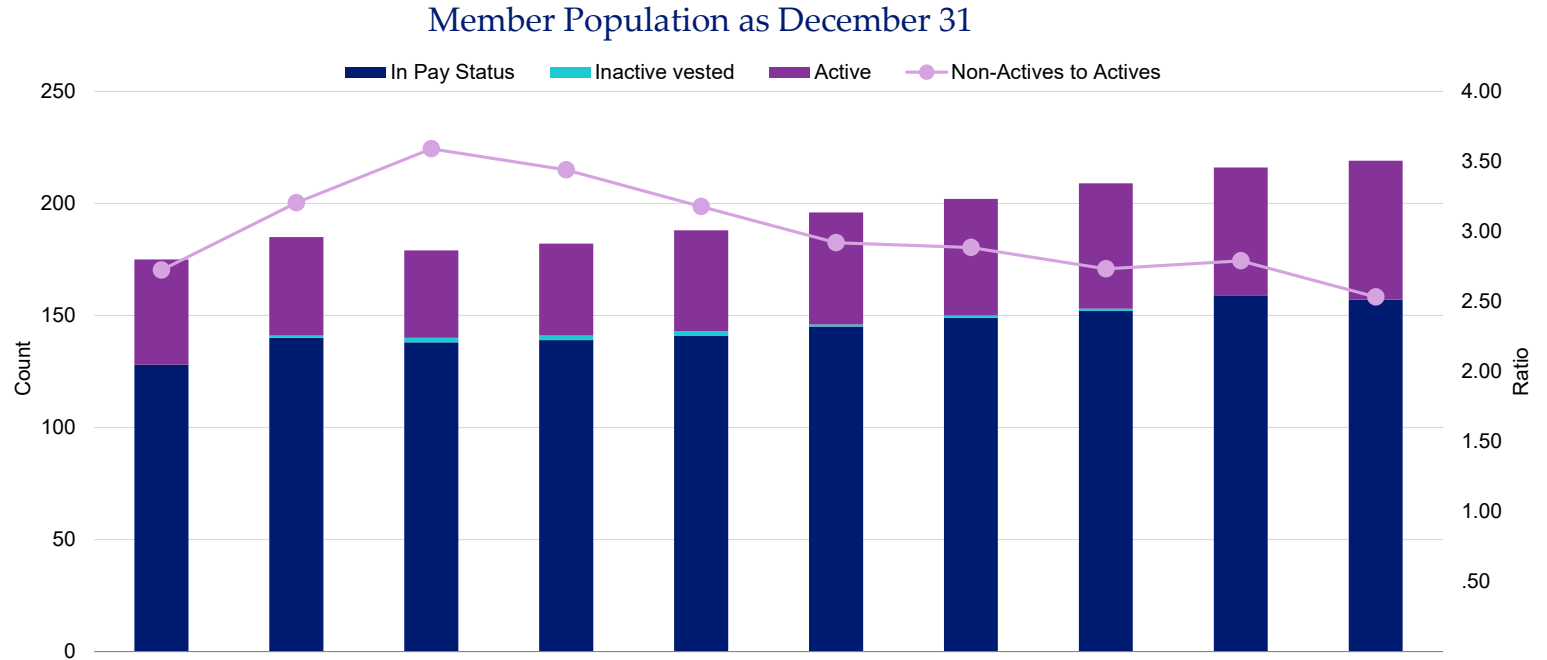
Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the System. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Dallas Police and Fire Supplemental Plan. The valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the System upon delivery and review. Trustees should notify Segal immediately of any questions or concerns about the final content.

Section 2: Actuarial Valuation Results

Member information



Legend	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
In Pay Status ¹	128	140	138	139	141	145	149	152	159	157
Inactive Vested ²	0	1	2	2	2	1	1	1	0	0
Active	47	44	39	41	45	50	52	56	57	62
Ratio	2.72	3.20	3.59	3.44	3.18	2.92	2.88	2.73	2.79	2.53

¹ Excludes beneficiaries who only have a DROP account.

² Excluding terminated participants due a refund of employee contributions.

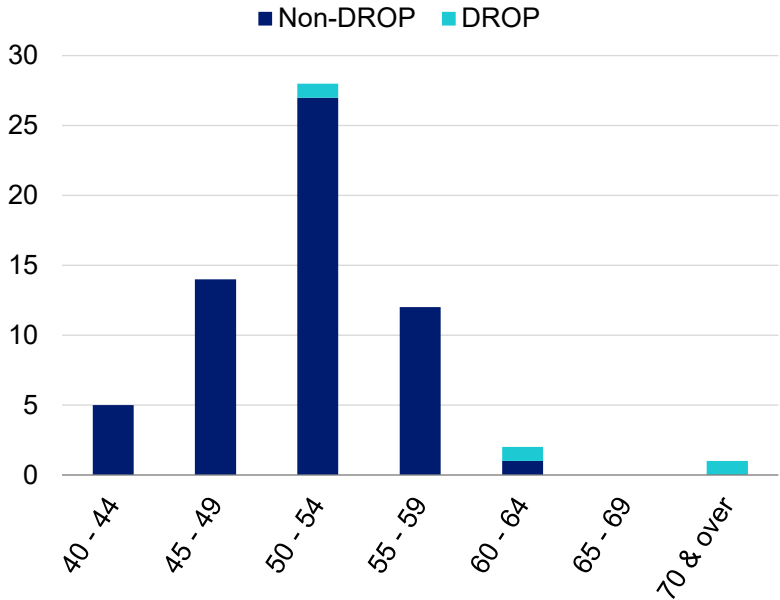
Section 2: Actuarial Valuation Results

Active members

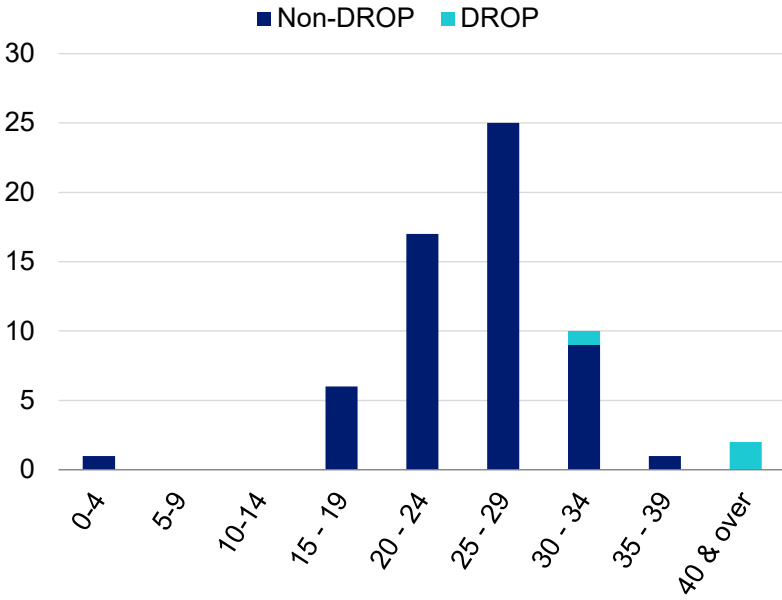
Demographic Data	December 31, 2025	December 31, 2024	Change
Firefighters			
Active members	22	20	10.0%
Average age	52.6	51.3	1.3
Average years of service	27.1	25.6	1.5
Average supplemental computation pay	\$38,200	\$38,836	-1.6%
Police Officers			
Active members	40	37	8.1%
Average age	52.2	51.8	0.4
Average years of service	26.0	26.2	-0.2
Average supplemental computation pay	\$41,685	\$30,421	37.0%
Total			
Active members	62	57	8.8%
Average age	52.3	51.6	0.7
Average years of service	26.4	26.0	0.4
Average supplemental computation pay	\$40,449	\$33,374	21.2%

Section 2: Actuarial Valuation Results

Distribution of Active Members as of December 31, 2025
Actives by Age



Actives by Years of Service



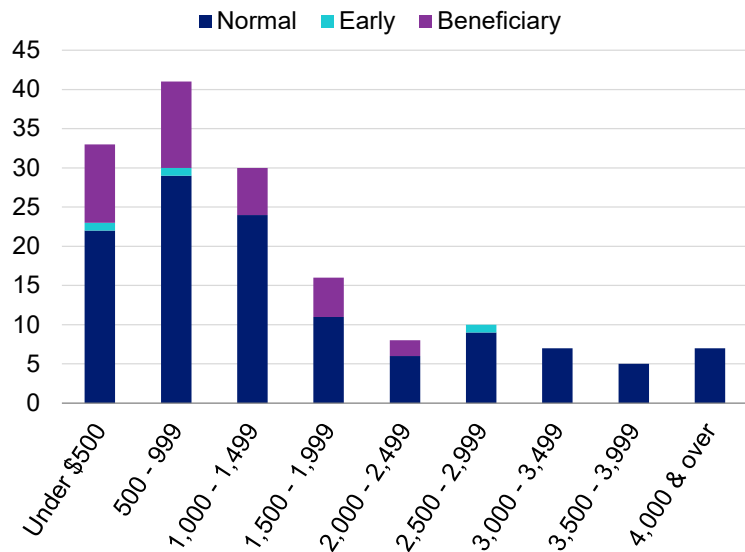
Section 2: Actuarial Valuation Results

Retired members and beneficiaries

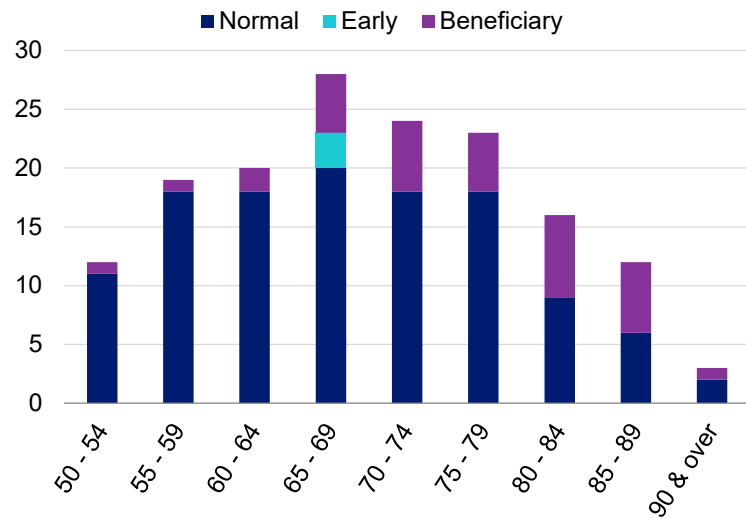
Demographic Data	December 31, 2025	December 31, 2024	Change
Retired participants	123	124	-0.8%
Beneficiaries ¹	34	35	-2.9%
Average age	69.7	69.2	0.5
Average amount	\$1,448	\$1,456	-0.5%
Total monthly amount	227,304	231,468	-1.8%

Distribution of Retired Members and Beneficiaries as of December 31, 2025

By Type and Monthly Amount



By Type and Age



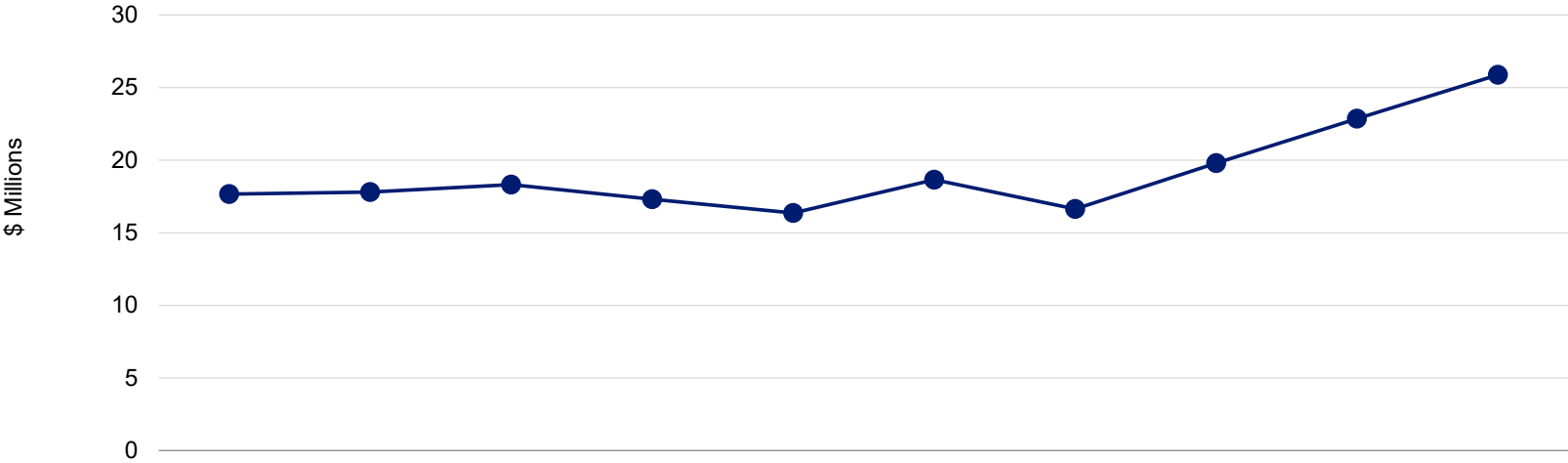
¹ Does not include beneficiaries with annuitized DROP accounts only and no lifetime annuity (6 for 2025 and 3 for 2024).

Section 2: Actuarial Valuation Results

Financial information

Asset history for years ended December 31

Actuarial Value of Assets (equal to Market Value of Assets)



Legend	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
■ Actuarial (market) value ¹	\$17.66	\$17.81	\$18.32	\$17.31	\$16.37	\$18.66	\$16.64	\$19.81	\$22.85	\$25.89

¹ In \$ millions

Section 2: Actuarial Valuation Results

Actuarial experience

Assumptions should consider experience and should be based on reasonable expectations for the future.

Each year actual experience is compared to that projected by the assumptions. Differences are reflected in the actuarial valuation.

Assumptions are not changed if experience is believed to be a short-term development that will not continue over the long term. On the other hand, if experience is expected to continue, assumptions are changed.

Actuarial Experience for Year Ended December 31, 2025

Source	Amount
1. Net gain from investments	\$1,197,676
2. Loss from administrative expenses	-27,062
3. Net loss from other experience	-1,823,901
4. Net experience gain/(loss): 1 + 2 + 3	-\$653,287

Section 2: Actuarial Valuation Results

Investment experience

Actuarial planning is long term. The obligations of a pension plan are expected to continue for the lifetime of all its participants.

The assumed long-term rate of return of 6.50% considers past experience, the asset allocation policy of the Board and future expectations.

Investment Experience for Year Ended December 31

Item	2025 Actuarial (Market) Value
1. Net investment income	\$2,694,284
2. Average value of assets	23,024,742
3. Rate of return: 1 + 2	11.70%
4. Assumed rate of return	6.50%
5. Expected investment income: 2 x 4	\$1,496,608
6. Net investment gain/(loss): 1 – 5	\$1,197,676

Section 2: Actuarial Valuation Results

Non-investment experience

Administrative expenses

Administrative expenses for the year ended December 31, 2025 totaled \$81,223, as compared to the assumption of \$55,000. This resulted in an experience loss of \$27,062 for the year, including an adjustment for interest.

Other experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- Mortality experience (more or fewer than expected deaths)
- The extent of turnover among members
- Retirement experience (earlier or later than projected)
- The number of disability retirements (more or fewer than projected)
- Salary increases (greater or smaller than projected)

The net loss from this other experience for the year ended December 31, 2025 amounted to \$1,823,901, which is 3.77% of the actuarial accrued liability. This loss was primarily due to the increase in the active population and computation pay.

Actuarial assumptions

There are no assumption changes reflected in this report.

The Board sets assumptions for the Plan based on periodic multi-year experience studies. The last study was completed for the five-year period ended December 31, 2024.

Section 2: Actuarial Valuation Results

Plan provisions

This valuation reflects the following plan change, effective January 1, 2026, pursuant to the Funding Agreement with the City:

- Effective January 1, 2026, individuals in pension status may receive supplemental payments equal to up to 2% of annual pension benefits (excluding DROP), determined as of the beginning of each plan year, continuing until the System is able to grant a Cost-of-Living Adjustment (COLA) in accordance with the provisions of 6243a-1 after the Plan has reached 70% funding.
- The supplemental payment consists of two components:
 - Automatic payment (1%): Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent payment (additional 1%): Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
- Accordingly, individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

These changes increased the actuarial accrued liability by 1.1% and increased the total normal cost by 0.5%.

Section 2: Actuarial Valuation Results

Unfunded actuarial accrued liability

Development of Unfunded Actuarial Accrued Liability for Year Ended December 31, 2025

Component	Amount
1. Unfunded actuarial accrued liability at beginning of year	\$22,831,052
2. Total normal cost at beginning of year, including administrative expenses	1,192,626
3. Total contributions	-3,686,334
4. Interest on 1, 2 & 3	1,442,995
5. Expected unfunded actuarial accrued liability	21,780,339
6. Changes due to:	
a. Net experience loss	653,287
b. Plan provisions	<u>523,464</u>
c. Total changes	1,176,751
7. Unfunded actuarial accrued liability at end of year	\$22,957,090

Section 2: Actuarial Valuation Results

Actuarially determined contribution

The actuarially determined contribution is equal to the city normal cost payment and a payment on the unfunded actuarial accrued liability. As of January 1, 2026, the actuarially determined contribution is \$3,663,534, or 146.09% of projected payroll.

The System sets the funding policy used to calculate the actuarially determined contribution based on a closed amortization period of 20 years of the UAAL, established as of January 1, 2020, and a 10-year amortization of any changes in the UAAL thereafter. Amortization is on a level-percentage-of-pay basis. The payment on the unfunded actuarial accrued liability accounts for 71% of the City's recommended contribution.

The current funding policy is intended to result in predictable employer contributions that eliminate the UAAL within 20 years, thereby providing benefit security to plan participants while balancing the needs of current and future contributors to the plan.

Actuarially Determined Contribution

Component	2026 Amount	2025 Amount
1. Total normal cost	\$1,314,478	\$1,139,331
2. Administrative expenses	53,295	53,295
3. Expected employee contributions	-338,554	-256,813
4. Employer normal cost: (1) + (2) + (3)	1,029,219	935,813
5. Actuarial accrued liability	48,846,292	45,685,617
6. Actuarial value of assets	25,889,202	22,854,565
7. Unfunded actuarial accrued liability: (5) - (6)	22,957,090	22,831,052
8. Payment on unfunded actuarial accrued liability	2,520,757	2,314,315
9. Adjustment for timing ¹	113,558	103,966
10. Actuarially determined contribution: (4) + (8) + (9)	\$3,663,534	\$3,354,094

The actuarially determined contribution under the funding policy is a "Reasonable Actuarially Determined Contribution" as required under Actuarial Standard of Practice No. 4 *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.

¹ Actuarially determined contributions are assumed to be paid at the middle of every year

Section 2: Actuarial Valuation Results

Reconciliation of actuarially determined contribution

Reconciliation from January 1, 2025 to January 1, 2026

Component	Amount
Actuarially determined contribution as of January 1, 2025	\$3,354,094
Changes in Actuarially Determined Contribution due to:	
• Plan amendment	67,618
• Expected change in amortization payment due to payroll growth	83,592
• Investment (gain)/loss	-140,086
• Other gains and losses on accrued liability	216,497
• Other changes, including composition and number of members	81,819
• Total change	\$309,440
Actuarially determined contribution as of January 1, 2026	\$3,663,534

Section 2: Actuarial Valuation Results

History of employer contributions

Actuarially Determined Contribution (ADC) versus Actual Contribution

Year Ended December 31	ADC Amount	Actual Contribution Amount	Percent Contributed
2017	\$2,086,639	\$2,077,059	99.54%
2018	2,273,581	1,979,285	87.06%
2019	1,881,055	1,530,262	81.35%
2020	1,777,311	1,777,311	100.00%
2021	2,098,588	2,098,588	100.00%
2022	2,806,863	2,806,863	100.00%
2023	3,665,783	3,665,783	100.00%
2024	3,807,240	4,256,587	111.80%
2025	3,354,094	3,354,094	100.00%
2026	3,663,534	N/A	N/A

Note: The contribution deficiencies for 2017 through 2019 represent contributions directed to the Excess Benefit Plan and Trust. The contribution excess for 2024 is due to the rescission of the immediate partial COLA.

Section 2: Actuarial Valuation Results

Low-Default-Risk Obligation Measure (LDRM)

Actuarial Standard of Practice No. 4 (ASOP 4) *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. requires the disclosure of a Low-Default-Risk Obligation Measure (LDRM) when performing a funding valuation. The LDRM presented in this report is calculated using the same methodology and assumptions used to determine the Actuarial Accrued Liability (AAL) used for funding, except for the discount rate. The LDRM is required to be calculated using “a discount rate...derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.”

The LDRM is a calculation assuming a plan’s assets are invested in an all-bond portfolio, generally lowering expected long-term investment returns. The discount rate selected and used for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, published at the end of each week. The last published rate in December of the measurement period, by The Bond Buyer (www.bondbuyer.com), is 4.83% for use effective December 31, 2025. This is the rate used to determine the discount rate for valuing reported public pension plan liabilities in accordance with Governmental Accounting Standards when plan assets are projected to be insufficient to make projected benefit payments, and the 20-year period reasonably approximates the duration of plan liabilities. The LDRM is not used to determine a plan’s funded status or Actuarially Determined Contribution. The plan’s expected return on assets, currently 6.50%, is used for these calculations.

As of December 31, 2025, the LDRM for the system is \$57,735,062. The difference between the plan’s AAL of \$48,846,292 and the LDRM can be thought of as the increase in the AAL if the entire portfolio were invested in low-default-risk securities. Alternatively, this difference could also be viewed as representing the expected savings from investing in the plan’s diversified portfolio compared to investing only in low-default-risk securities.

ASOP 4 requires commentary to help the intended user understand the significance of the LDRM with respect to the funded status of the plan, plan contributions, and the security of participant benefits. In general, if plan assets were invested exclusively in low-default-risk securities, the funded status would be lower and the Actuarially Determined Contribution would be higher. While investing in a portfolio with low-default-risk securities may be more likely to reduce investment volatility and the volatility of employer contributions, it also may be more likely to result in higher employer contributions or lower benefits.

Section 2: Actuarial Valuation Results

Risk

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

We have not been engaged to perform a detailed analysis of the potential range of the impact of risk relative to the Plan's future financial condition but have included a brief discussion of some risks that may affect the Plan.

- Economic and Other Related Risks. Potential implications for the Plan due to the following economic effects (that were not reflected as of the valuation date) include:

- Volatile financial markets and investment returns lower than assumed
- High inflationary environment impacting salary increases and COLAs

- Investment Risk (the risk that returns will be different than expected)

The market value rate of return over the last 10 years has ranged from a low of -11.64% in 2022 to a high of 17.14% in 2021.

- Longevity Risk (the risk that mortality experience will be different than expected)

The actuarial valuation includes an expectation of future improvement in life expectancy. Emerging plan experience that does not match these expectations will result in either an increase or decrease in the actuarially determined contribution.

- Contribution Risk (the risk that actual contributions will be different from actuarially determined contribution)

The contributions of this Plan can fluctuate significantly from year to year, due to its nature as an excess pay plan and the fact the covered population is small. The assets are likely to fluctuate considerably from year to year as well since there is no smoothing method in place. City contributions to this Plan are less than 2% of the total amount that the City contributes to the System, and therefore some volatility can be withstood. As long as the City continues to contribute the ADC, risk associated with this Plan should be minimal.

- Demographic Risk (the risk that participant experience will be different than assumed)

Examples of this risk include:

- Actual retirements occurring earlier or later than assumed. The value of retirement plan benefits is sensitive to the rate of benefit accruals and any early retirement subsidies that apply.
- More or less active participant turnover than assumed.

- There are external factors including legislative or financial reporting changes that could impact the Plan's funding and disclosure requirements. While we do not assume any changes in such external factors, it is important to understand that they could have significant consequences for the Plan.

Section 2: Actuarial Valuation Results

Maturity measures

- As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities.
- Currently the Plan has a non-active to active participant ratio of 2.53.

Detailed risk assessment

- A more detailed assessment of the risks would provide the Board with a better understanding of the risks inherent in the Plan. This assessment may include scenario testing, sensitivity testing, stress testing, and stochastic modeling.
- A detailed risk assessment could be important for the Plan because:
 - The Plan's asset allocation has potential for a significant amount of investment return volatility.
 - Retired participants account for most of the Plan's liabilities, leaving limited options for reducing plan costs in the event of adverse experience.
 - Potential changes in the covered population may result in participant choices that vary from those assumed.

Section 2: Actuarial Valuation Results

GFOA funded liability by type

The Actuarial Accrued Liability represents the present value of benefits earned, calculated using the Plan's actuarial cost method. The Actuarial Value of Assets reflects the financial resources available to liquidate the liability. The portion of the liability covered by assets reflects the extent to which accumulated plan assets are sufficient to pay future benefits, and is shown for liabilities associated with employee contributions, pensioner liabilities, and other liabilities. The Government Finance Officers Association (GFOA) recommends that the funding policy aim to achieve a funded ratio of 100 percent.

GFOA Funded Liability by Type as of December 31

Type	2026	2025
Actuarial accrued liability (AAL)		
Active member contributions	\$1,018,683	\$825,222
Retirees and beneficiaries	33,366,530	33,105,706
Active and inactive members (employer-financed)	14,461,079	11,754,689
Total	\$48,846,292	\$45,685,617
Actuarial value of assets	25,889,202	22,854,565
Cumulative portion of AAL covered		
Active member contributions	100.00%	100.00%
Retirees and beneficiaries	74.54%	66.54%
Active and inactive members (employer-financed)	0.00%	0.00%

Section 2: Actuarial Valuation Results

Actuarial balance sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current members is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the "liability" of the Plan.

Second, this liability is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet

Description	Year Ended December 31, 2025	Year Ended December 31, 2024
Liabilities		
Present value of benefits for retired members and beneficiaries (non-DROP)	\$28,714,726	\$27,998,435
Present value of benefits for retired members and beneficiaries (DROP)	4,651,804	5,107,271
Present value of benefits for inactive vested members	0	0
Present value of benefits for active members	20,830,315	17,376,328
Total liabilities	\$54,196,845	\$50,482,034
Current and future assets		
Total valuation value of assets	\$25,889,202	\$22,854,565
Present value of future contributions by members	1,442,090	1,168,219
Present value of future employer contributions for:		
• Entry age cost	3,908,463	3,628,198
• Unfunded actuarial accrued liability	22,957,090	22,831,052
Total of current and future assets	\$54,196,845	\$50,482,034

Section 3: Supplemental Information

Exhibit A: Table of plan demographics

Demographic Data	December 31, 2025	December 31, 2024	Change
Active members in valuation:			
• Number	62	57	8.8%
• Average age	52.3	51.6	0.7
• Average years of service	26.4	26.0	0.4
• Total supplemental computation pay	\$2,507,808	\$1,902,315	31.8%
• Average supplemental computation pay	\$40,449	\$33,374	21.2%
• Account balances	\$1,018,683	\$825,222	23.4%
• Total active vested members	61	57	7.0%
Active members (excluding DROP):			
• Number	59	55	7.3%
• Average age	51.6	50.9	0.7
• Average years of service	25.5	25.2	0.3
• Total supplemental computation pay	\$2,380,857	\$1,840,032	29.4%
• Average supplemental computation pay	\$40,354	\$33,455	20.6%
Active members (DROP):			
• Number	3	2	50.0%
• Average age	66.0	70.5	-4.5
• Average years of service	43.3	48.2	-4.9
• Total supplemental computation pay	\$126,952	\$62,283	103.8%
• Average supplemental computation pay	\$42,317	\$31,142	35.9%
• DROP account balances	\$144,639	\$132,340	9.3%

Section 3: Supplemental Information

Retired members:			
• Number in pay status	123	124	-0.8%
• Average age	68.0	67.5	0.5
• Average monthly benefit	\$1,604	\$1,563	2.6%
Beneficiaries:			
• Number in pay status	34	35	-2.9%
• Average age	75.8	75.2	0.6
• Average monthly benefit	\$883	\$1,075	-17.9%
Beneficiaries with DROP only	6	3	100.0%

Section 3: Supplemental Information

Exhibit B: Reconciliation of member data

Description	Active Members	Retired Members	Beneficiaries ¹	Total
Number as of January 1, 2025	57	124	35	216
New members	7	N/A	N/A	7
Retirements	-2	2	N/A	—
Died with beneficiary	—	—	1	1
Died without beneficiary	—	-3	-2	-5
Number as of January 1, 2026	62	123	34	219

¹ Excludes beneficiaries with DROP only

Section 3: Supplemental Information

Exhibit C: Summary of income and expenses on a market value basis

Item	Year Ended December 31, 2025	Year Ended December 31, 2024
Contribution and other income:		
• City contributions	\$3,354,094	\$4,256,587
• Member contributions	332,240	295,055
– Total contribution and other income	\$3,686,334	\$4,551,642
Investment income:		
• Investment income	\$2,777,249	\$1,966,950
• Less investment fees	-82,965	-85,294
– Net investment income	\$2,694,284	\$1,881,656
Benefit payments and expenses:		
• Administrative expenses	-\$81,223	-\$84,546
• Benefits paid to members	-3,264,758	-3,166,479
• Refunds to members	0	-135,537
– Total benefit payments and expenses	-\$3,345,981	-\$3,386,562
Change in market value of assets	\$3,034,637	\$3,046,736
Market value of assets, beginning of the year	\$22,854,565	\$19,807,829
Market value of assets, end of the year	\$25,889,202	\$22,854,565

Section 3: Supplemental Information

Exhibit D: Summary statement of plan assets

Item	As of December 31, 2025	As of December 31, 2024
Cash equivalents		
• Total cash equivalents	\$1,049,941	\$952,245
Accounts receivable:		
• Total accounts receivable	\$3,486,225	\$93,370
Investments:		
• Equity securities	\$12,280,862	\$12,047,747
• Real assets	2,016,308	2,822,290
• Fixed income securities	2,834,664	4,584,868
• Private equity	1,902,567	2,116,165
• Public/private credit	2,264,618	—
• Short-term investments	174,806	315,306
• Total investments at market value	\$21,473,825	\$21,886,376
Total assets	\$26,009,991	\$22,931,991
Accounts payable:		
• Total accounts payable	-\$120,789	-\$77,426
Net assets at market value	\$25,889,202	\$22,854,565

Section 3: Supplemental Information

Exhibit E: History of financial information

Year Ended December 31	City Contributions	Employee Contributions	Net Investment Return ¹	Admin. Expenses	Benefit Payments	Actuarial (Market) Value of Assets at Year-End
2016	\$2,985,478	\$34,612	\$1,176,323	\$78,047	\$5,911,533	\$17,663,539
2017	2,077,059	66,095	735,567	68,528	2,668,579	17,805,153
2018	1,979,285	73,880	1,220,482	52,636	2,708,271	18,317,893
2019	1,530,262	110,660	168,995	54,598	2,765,779	17,307,433
2020	1,777,311	245,237	-122,726	55,352	2,777,719	16,374,184
2021	2,098,588	227,893	2,764,978	55,359	2,749,573	18,660,711
2022	2,806,863	255,703	-2,181,118	58,731	2,843,026	16,640,402
2023	3,665,783	278,622	2,224,990	61,334	2,940,634	19,807,829
2024	4,256,587	295,055	1,881,656	84,546	3,302,016	22,854,565
2025	3,354,094	332,240	2,694,284	81,223	3,264,758	25,889,202

¹ On a market basis, net of investment fees

Section 3: Supplemental Information

Exhibit F: Table of amortization bases

Type	Date Established	Initial Period	Initial Amount	Annual Payment ¹	Years Remaining	Outstanding Balance
2020 unfunded liability	1/1/2020	20	\$18,523,051	\$1,433,888	14	\$16,782,637
Actuarial loss	1/1/2021	10	1,173,796	154,700	5	731,134
Change in assumptions	1/1/2021	10	1,558,820	205,445	5	970,959
Actuarial loss	1/1/2022	10	1,499,094	191,888	6	1,073,231
Change in assumptions	1/1/2022	10	-4,477	-573	6	-3,205
Actuarial loss	1/1/2023	10	3,882,792	482,733	7	3,106,607
Change in assumptions	1/1/2023	10	873,505	108,600	7	698,888
Actuarial loss	1/1/2024	10	-32,072	-3,873	8	-28,096
Change in assumptions	1/1/2024	10	552,207	66,686	8	483,749
Actuarial gain ²	1/1/2025	10	-709,376	-83,214	9	-669,859
Change in assumptions	1/1/2025	10	-1,379,510	-161,825	9	-1,302,662
Plan amendment	1/1/2025	10	7,350	862	9	6,941
Actuarial loss	1/1/2026	10	583,302	66,111	10	583,302
Plan amendment	1/1/2026	10	523,464	59,329	10	523,464
Total				\$2,520,757		\$22,957,090

¹ Level percent of payroll

² Includes gain due to experience as well as an amount to balance the outstanding balance of the bases with the unfunded actuarial accrued liability

Section 4: Actuarial Valuation Basis

Exhibit G: Actuarial assumptions, methods and models

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the Actuarial Experience Study as of December 31, 2025. Current data is reviewed in conjunction with each annual valuation. Based on professional judgment, no assumption changes are warranted at this time.

Net investment return

6.50%. The net investment return assumption was chosen by the System's Board of Trustees, with input from the actuary. This assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes as well as the Plan's target asset allocation.

For purposes of the Funding Agreement Supplemental Payments, the System is assumed to have a positive market value return 70% of the time.

Section 4: Actuarial Valuation Basis

Salary increases

Year	Officers	Corporals, Drivers & Senior Officers	Sergeants, Lieutenants, Captains, Majors, Deputy Chiefs, Assistant Chiefs & Chiefs
2025	10.00%	14.00%	10.00%
2026+	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+	3.50%

The salary scale assumption 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%, used to amortize the unfunded actuarial accrued liability as a level percentage of payroll.

Cost-of-living adjustments

Prior to October 1, 2046: 0.00%

Beginning October 1, 2046: 1.50%, on original benefit

The assumption for the year the COLA begins is updated periodically and set equal to the year the System is projected to be 70% funded on a market value basis after the COLA is reflected. The COLA assumption will automatically be updated as needed to remain five percentage points less than the net investment return assumption.

Section 4: Actuarial Valuation Basis

Supplemental payments

In pay status prior to January 1, 2026: 1.70%

Begins pay status on or after January 1, 2026: 0.70%

Administrative expenses

\$55,000 per year, payable monthly (equivalent to \$53,295 at the beginning of the year)

Mortality rates

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, projected generationally using Scale MP-2021

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, projected generationally using Scale MP-2021

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, projected generationally using Scale MP-2021

Disabled annuitants: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021

The tables above, with adjustments as shown and projected to the measurement date, reasonably reflect the mortality experience of the System as of the measurement date. The mortality tables are then generationally projected using Scale MP-2021 to anticipate future mortality improvement.

30% of pre-retirement active deaths are assumed to be in the line of duty.

Section 4: Actuarial Valuation Basis

Termination rates(%) before retirement

Disability

Age	Disability ¹
20	0.004
25	0.009
30	0.014
35	0.019
40	0.024
45	0.029
50	0.034
55	--
60	--

Withdrawal

Years of Service	Police	Fire
0	15.0	12.0
1	9.0	9.0
2 – 4	6.5	7.0
5	4.0	5.0
6 – 7	4.0	2.5
8	2.0	2.5
9 – 10	2.0	1.0
11 – 20	1.5	1.0
21 – 24	1.0	1.0
25 & over	0.0	0.0

¹ 100% of disabilities are assumed to be service related

Section 4: Actuarial Valuation Basis

Retirement rates

DROP Active Members

Age	Police Retirement Probability (%)	Fire Retirement Probability (%)
Under 52	0	0
52 – 56	11	5
57	20	20
58 – 59	20	30
60	30	30
61	30	20
62 – 64	10	20
65 & over	100	100

75% retirement rate after ten years in DROP.

Non-DROP Active Members

Age	Member with at least 20 years of service as of September 1, 2017 Retirement Probability (%)	Member with less than 20 years of service as of September 1, 2017 Retirement Probability (%)
Under 50	1	1
50 – 51	11	4
52 – 53	15	4
54 – 56	15	7
57 – 58	15	8
59 – 61	30	8
62	100	100

100% retirement rate once benefit multiplier hits 90% maximum

Section 4: Actuarial Valuation Basis

Weighted Average retirement age

Age 58, determined as follows: The weighted average retirement age for each participant is calculated as the sum of the product of each potential current or future retirement age times the probability of surviving from current age to that age and then retiring at that age, assuming no other decrements. The overall weighted retirement age is the average of the individual retirement ages based on all the active members included in the January 1, 2026 actuarial valuation.

Retirement rates for inactive vested participants

Terminated vested members are assumed to retire at Normal Retirement Age. 25% of members are assumed to take a lump sum cash out within the first two years of termination.

DROP utilization

No members are assumed to elect to enter DROP

Interest on DROP accounts

2.75% on account balances as of September 1, 2017, payable upon retirement

0.00% on account balances accrued after September 1, 2017

DROP payment period

Based on expected lifetime as of the later of September 1, 2017 on retirement date. Expected lifetime determined based on an 85% male/15% female blend of the current healthy annuitant mortality tables.

DROP annuitization interest

2.75% Based on United States Department of Commerce Daily Treasury Yield Curve Rates for durations between 5 and 30 years.

Actuarial equivalence

Actuarial equivalence for optional forms of benefit payments are based on an 85% male/15% female blend of the current healthy annuitant mortality tables, along with an interest rate of 6.50%

Section 4: Actuarial Valuation Basis

Unknown data for members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Family Composition

75% of members are assumed to be married. Females are assumed to be two years younger than their spouses. The youngest child is assumed to be ten years old.

Benefit election

Married members are assumed to elect the Joint and Survivor annuity form of payment and non-married members are assumed to elect a Life Only annuity.

Actuarial value of assets

Market value of assets.

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 methodology

The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed, 20-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 10-year period. Amortization is on a level-percentage-of-pay basis.

Section 4: Actuarial Valuation Basis

Models

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

The blended discount rate used for calculating total pension liability for GASB is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, to control the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Justification for change in actuarial assumptions

There have been no changes in actuarial assumptions since the last valuation.

Section 4: Actuarial Valuation Basis

Exhibit H: Summary of plan provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan year

January 1 through December 31

Plan status

Ongoing

Members whose participation began before March 1, 2011

Normal retirement

Benefit earned prior to September 1, 2017:

- Age Requirement: 50
- Service Requirement: 5
- Amount: 3.0% of Average Supplemental Computation Pay times years of Pension Service (maximum 96.0%)
- Average Supplemental Computation Pay: Highest 36 consecutive months of Supplemental Computation Pay

Benefit earned beginning September 1, 2017

- Age Requirement: 58
- Service Requirement: 5
- Amount: 2.5% of Average Supplemental Computation Pay times years of Pension Service (maximum 90.0%)
- Average Supplemental Computation Pay: Highest 60 consecutive months of Supplemental Computation Pay

Section 4: Actuarial Valuation Basis

20 and out reduced retirement

If eligible as of September 1, 2017:

- Age Requirement: None
- Service Requirement: 20 years
- Amount: 20 & Out Multiplier times 36-month (Table 1 Benefit) or 60-month (Table 2 Benefit) Average Supplemental Computation Pay times years of Pension Service

Benefit Accrued Before September 1, 2017

20 & Out Table 1	
Age	Multiplier
45 & under	2.00%
46	2.25%
47	2.50%
48	2.75%
49	2.75%
50 & above	3.00%

Benefit Accrued Beginning September 1, 2017

20 & Out Table 2	
Age	Multiplier
53 & under	2.00%
54	2.10%
55	2.20%
56	2.30%
57	2.40%
58 & above	2.50%

If not eligible as of September 1, 2017

- Age Requirement: None
- Service Requirement: 20 years
- Amount: 20 & Out Multiplier times 60-month Average Supplemental Computation Pay times years of Pension Service

20 & Out Table	
Age	Multiplier
53 & under	2.00%
54	2.10%
55	2.20%
56	2.30%
57	2.40%
58 & above	2.50%

Section 4: Actuarial Valuation Basis

Early retirement

If at least age 45 as of September 1, 2017 and less than age 50:

- Age Requirement: 45
- Service Requirement: 5
- Amount: Normal pension accrued prior to September 1, 2017 plus the benefit accrued based on the 20 & Out Table 2 for service beginning September 1, 2017, reduced by 2/3 of 1% for each whole month by which the benefit commencement date precedes age 50.

Non-service-connected disability

- Eligibility: Injury or illness (lasting more than 90 days) not related to or incurred while in the performance of the member's job, preventing the member from performing their departmental duties.
- Amount: Normal pension accrued

Service-connected disability

- Eligibility: Injury or illness (lasting more than 90 days) obtained while on duty in the performance of the member's job.
- Amount: Normal pension accrued; if the member has less than 20 years of service, the benefit will be calculated as if they had 20 years at the time of disability.

Benefit supplement

- Age Requirement: 55
- Service Requirement: 20 years, waived if member is receiving a service-connected disability
- Amount: 3% of the total monthly benefit (including any applicable COLA's) payable to the Member when the Member attains age 55. The benefit supplement shall not be less than \$75 per month.

Beginning September 1, 2017, only those annuitants and their survivors already receiving the supplement will be eligible to maintain their current supplement, which will not change ongoing; no additional retirees will be eligible for the supplement.

Section 4: Actuarial Valuation Basis

Members Whose Participation Began on or After March 1, 2011

Normal retirement

- Age Requirement: 58
- Service Requirement: 5
- Amount: 2.5% of Average Supplemental Computation Pay for each year of Pension Service, maximum 90%.
- Average Supplemental Computation Pay: Highest 60 consecutive months of Supplemental Computation Pay.

20 & out reduced retirement

- Age Requirement: None
- Service Requirement: 20 years
- Amount: 20 & Out Multiplier times 60-month Average Supplemental Computation Pay times years of Pension Service

20 & out table 2

Age	Multiplier
53 & under	2.00%
54	2.10%
55	2.20%
56	2.30%
57	2.40%
58 & above	2.50%

Early Retirement

- Age Requirement: 53
- Service Requirement: 5
- Amount: Normal pension accrued, reduced by 2/3 of 1% for each whole month by which the benefit commencement date precedes the normal retirement date.

Section 4: Actuarial Valuation Basis

Non-service-connected disability

- Eligibility: Injury or illness (lasting more than 90 days) not related to or incurred while in the performance of the member's job, preventing the member from performing their departmental duties.
- Amount: The Member's accrued benefit, but not less than a pro-rated minimum benefit.

Service-connected disability

- Eligibility: Injury or illness (lasting more than 90 days) obtained while on duty in the performance of the member's job.
- Amount: The greater of 50% of Average Supplemental Computation Pay and the Member's accrued benefit; if the member has less than 20 years of service, the benefit will be calculated as if they had 20 years of service at the time of disability.

All Members

Termination Benefit

- With less than five years of pension service: Upon request, the member's contributions will be returned without interest.
- With at least five years of pension service: The member may either withdraw contributions or leave contributions in the Plan and receive a monthly benefit to commence no earlier than the member's earliest eligibility for retirement benefits. Retirement benefit is equal to the accrued benefit as of the date of termination.

Pre-retirement death benefit

While in active service, duty-related deaths: The greater of 100% of the Member's accrued benefit or a benefit based on 20 years of service. The benefit may not exceed 90% of Average Computation Pay.

While in active service, off-duty deaths: The greater of 50% of the Member's accrued benefit or a benefit based on 20 years of service. The benefit may not exceed 45% of Average Supplemental Computation Pay.

After leaving active service, with fewer than five years: A lump sum benefit equal to the return of member contributions without interest.

After leaving active service, with at least five years: 50% of the Member's accrued benefit, with no early retirement reduction, or a refund of member contributions.

Section 4: Actuarial Valuation Basis

Post-retirement death benefit

50% or 100% of the pension the Member was receiving at the time of their death, depending on the form of joint and survivor annuity chosen; if there are no qualifying survivors, no further benefits will be paid.

Qualified surviving children benefit

50% of the pension the Member was receiving at the time of their death, divided equally among the children, paid until the youngest child is 19 years old or for life if the child becomes disabled prior to age 23

Special survivor benefit

- Eligibility: Upon leaving active service or joining DROP: a) the Member was at least 55 years old with at least 20 years of pension service, or b) the sum of the Member's age plus Pension Service was at least 78; **and** Has no Qualified Surviving Children or disabled children currently eligible for survivor benefits; **and** Whose Qualified Surviving Spouse is at least 55 years old. The Qualified Surviving Spouse does not have to be 55 years old at the time of the Member's death.
- Amount: Once all the eligibility conditions are met, the amount the Qualified Surviving Spouse will receive increases from 50% of the Member's pension benefit to a percentage of the Member's pension benefit based on the Member's applicable benefit multiplier times the number of years of Pension Service the Member worked.

Survivor benefit if no qualified surviving spouse

A lump sum that is the actuarial equivalent of 120 monthly payments of the greater of: 50% of the Member's pension benefit at the time of their death, or a benefit based on 20 years of the Member's service.

DROP

- Eligibility: Members in active service who are retirement eligible may elect to enter the Deferred Retirement Option Plan (DROP).
- Distribution: The DROP account balance will be paid over the expected future lifetime of annuitants.
- Interest: Based on United States Department of Commerce Daily Treasury Yield Curve Rates for durations between 5 and 30 years; interest rate is based on the expected lifetime of the members at the time they retire. Interest is only paid on DROP account balances as of September 1, 2017.
- Maximum years of crediting: Once an active member reaches 10 years in DROP they will no longer have their pension benefit credited to their DROP account.

Section 4: Actuarial Valuation Basis

Supplemental Computation Pay

Supplemental Computation Pay is the current rate of pay received by the member, minus the rate of pay the member would receive for the highest civil service rank the member held.

Cost of living adjustments (COLAs)

After the Combined Plan is 70% funded, the Board may grant an ad hoc COLA based on the actual market return over the prior five years less 5%, not to exceed 4% of the base benefit, if, after granting a COLA, the funded ratio for the Combined Plan on a market value of assets basis is no less than 70%.

Supplemental payments

Individuals in pension status may be eligible for annual supplemental payments determined as a percentage of annual pension benefits (excluding DROP), measured as of the beginning of each plan year. Payments continue until the System is able to grant a COLA in accordance with the provisions of 6243a-1 after the Plan has reached 70% funding.

- Automatic Supplemental Payment (1%): Payable each year to individuals in pension status prior to January 1, 2026, equal to 1% of annual pension benefits (excluding DROP).
- Contingent Supplemental Payment (1%): Payable each year to all individuals in pension status (current and future), equal to 1% of annual pension benefits (excluding DROP), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation. No payment is made for years with a non-positive return. For valuation purposes, it is assumed the System achieves a positive return 70% of the time.

Member contributions

13.5% of computation pay for all members.

City contributions

The City will contribute the Actuarially Determined Contribution.

Forms of Benefits

50% or 100% Joint and Survivor Pension.

Section 4: Actuarial Valuation Basis

Changes in plan provisions

The following plan change effective January 1, 2026 is included for the first time in this valuation pursuant to the Funding Agreement with the City:

- Effective January 1, 2026, individuals in pension status may receive supplemental payments equal to up to 2% of annual pension benefits (excluding DROP), determined as of the beginning of each plan year, continuing until the System is able to grant a Cost-of-Living Adjustment (COLA) in accordance with the provisions of 6243a-1 after the Plan has reached 70% funding.
- The supplemental payment consists of two components:
 - Automatic payment (1%): Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent payment (additional 1%): Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
- Accordingly, individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Section 5: GASB Information

Exhibit I: Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Measurement date and reporting date for the plan under GASB 67	December 31, 2025	December 31, 2024
Total Pension Liability	\$48,938,093	\$45,703,525
Plan Fiduciary Net Position	25,889,202	22,854,565
Net Pension Liability	23,048,891	22,848,960
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹	52.90%	50.01%

Actuarial assumptions. The Total Pension Liability (TPL) as of December 31, 2025, which was determined based on the results of an actuarial valuation as of January 1, 2026, used the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Assumption
Wage inflation	3.50%
Salary increases	10.00% or 14.00% in 2025, varying by rank, based on the 2025 pay scales; thereafter, 3.50% to 10.00%, varying by service, including inflation
Net investment rate of return	6.50%, net pension investment expense, including inflation

Detailed information regarding all actuarial assumptions can be found in Section 4.

¹ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 5: GASB Information

Exhibit J: Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return ¹
Global Equity	54%	5.76%
Emerging Market Equity	4%	7.12%
Private Equity	6%	9.27%
Global Fixed Income	4%	1.75%
Short-Term Investment Grade Bonds	6%	1.12%
Investment Grade Bonds	4%	1.41%
High Yield Bonds	2%	2.92%
Bank Loans	2%	2.73%
Emerging Markets Debt	3%	3.12%
Private Credit	4%	5.46%
Real Estate	5%	3.71%
Natural Resources	3%	4.54%
Cash	3%	0.78%
Total	100%	

Discount rate. The discount rates used to measure the Total Pension Liability (TPL) 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 employer 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.

¹ The real rates of return are provided by Segal Macro Advisors and are net of inflation.

Section 5: GASB Information

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Actuarial cost method. In accordance with GASB 67, the TPL for active members is valued as the total present value of benefits once they enter the DROP. For the funding valuation, the liability for these members accumulates from their entry age until they are assumed to leave active service.

Section 5: GASB Information

Exhibit K: Discount rate sensitivity

The following presents the Net Pension Liability (NPL) of the Plan as of December 31, 2025 calculated using the discount rate of 6.50%, as well as what the Plan's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate.

Item	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	\$28,084,890	\$23,048,891	\$18,795,191

Section 5: GASB Information

Exhibit L: Schedule of changes in Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Measurement date and reporting date for the plan under GASB 67	December 31, 2025	December 31, 2024
Total Pension Liability		
Service cost	\$1,128,940	\$1,259,524
Interest	2,938,006	2,916,851
Change of benefit terms	523,878	7,428
Differences between expected and actual experience	1,908,502	290,502
Changes of assumptions	0	-734,880
Benefit payments, including refunds of member contributions	-3,264,758	-3,302,016
Net change in Total Pension Liability	\$3,234,568	\$437,409
Total Pension Liability — beginning	45,703,525	45,266,116
Total Pension Liability — ending	\$48,938,093	\$45,703,525
Plan Fiduciary Net Position		
Contributions — employer	\$3,354,094	\$4,256,587
Contributions — employee	332,240	295,055
Net investment income	2,694,284	1,881,656
Benefit payments, including refunds of member contributions	-3,264,758	-3,302,016
Administrative expense	-81,223	-84,546
Net change in Plan Fiduciary Net Position	\$3,034,637	\$3,046,736
Plan Fiduciary Net Position — beginning	22,854,565	19,807,829
Plan Fiduciary Net Position — ending	\$25,889,202	\$22,854,565

Section 5: GASB Information

Components of the Net Pension Liability	Current	Prior
Net Pension Liability		
Net Pension Liability – ending	\$23,048,891	\$22,848,960
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.90%	50.01%
Covered payroll ¹	\$2,183,094	\$1,837,986
Plan Net Pension Liability as percentage of covered payroll	1,055.79%	1,243.15%

Notes to Schedule:

- **Benefit changes:**

- The benefit changes in 2025 is the addition of Funding Agreement supplemental payments. Effective January 1, 2026, a supplemental payment of up to 2% of annual pension benefits was introduced, consisting of a 1% automatic payment for individuals already in pay status and a 1% payment contingent on positive asset returns. Individuals retiring on or after January 1, 2026 are eligible only for the contingent portion.
- The benefit changes in 2024 are based on Article 6243a-1, as amended by House Bill 4034 (HB 4034) and effective September 1, 2023. These include changes to the line of duty death benefit and the line of duty disability benefit.

- **Change of Assumptions:** The assumption changes in 2024 were based on the recommendations in the experience study for the period January 1, 2020 through December 31, 2024 and included changes to the salary scale, mortality rates, withdrawal rates, retirement rates, disability rates, and assumed spousal age. Additionally, the Ad Hoc COLA assumption was updated from beginning in 2073 to 2046.

¹ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 5: GASB Information

Exhibit M: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$3,063,584	\$3,063,584	\$0	\$724,503	422.85%
2017	2,086,639	2,077,059	9,580	525,048	395.59%
2018	2,273,581	1,979,285	294,296	916,199	216.03%
2019	1,881,055	1,530,262	350,793	621,622	246.17%
2020	1,777,311	1,777,311	0	584,068	304.30%
2021	2,098,588	2,098,588	0	626,782	334.82%
2022	2,806,863	2,806,863	0	1,631,396	172.05%
2023	3,665,783	3,665,783	0	1,800,170	203.64%
2024	3,807,240	4,256,587	(449,347)	1,922,595	221.40%
2025	3,354,094	3,354,094	0	1,837,986	182.49%

The contributions for 2017 through 2019 represent contributions redirected to the Excess Benefit Plan and Trust. The contribution excess for 2024 is due to the rescission of the immediate partial COLA.

Notes to Schedule:

- **Methods and assumptions used to determine contribution rates for the year ended December 31, 2025:** These are not the same assumptions used in the January 1, 2026 actuarial valuation or for the Total Pension Liability as measured as of December 31, 2025.
- **Valuation date:** Actuarially determined contribution is calculated using a January 1, 2025 valuation date as of the beginning of the fiscal year in which contributions are reported
- **Actuarial cost method:** Entry age
- **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 3.50% annual increases

Section 5: GASB Information

- **Remaining amortization period:** 13 years as of January 1, 2025
- **Asset valuation method:** At market value.
- **Investment rate of return:** 6.50%, 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-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
 - **Healthy annuitant:** Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021
 - **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, projected generationally using Scale MP-2021
 - **Disabled:** Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021
- **Other information:** See Section 4, Exhibit G of the January 1, 2025 actuarial valuation for a full outline of assumptions. See Exhibit L of this section for the history of changes to plan provisions and assumptions over the last two years.
 - **DROP utilization:** 0% of Police and Fire members are assumed to elect to enter DROP.
 - **Interest on DROP accounts:** Beginning January 1, 2018, 2.75% payable upon retirement on active account balances as of September 1, 2017.

Appendix A: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Term	Definition
Actuarial accrued liability for actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial accrued liability for retirees and beneficiaries	Actuarial Present Value of lifetime benefits to existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial cost method	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial gain or loss	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield actuarial liabilities that are larger than projected.
Actuarially equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial present value	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Appendix A: Definition of Pension Terms

Term	Definition
Actuarial present value of future benefits	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund of member contributions or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan, as well as Actuarially Determined Contributions.
Actuarial value of assets	The value of the Plan's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Actuarially Determined Contribution.
Actuarially determined	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the Plan.
Actuarially determined contribution	The employer's contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization method	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the Unfunded Actuarial Accrued Liability. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the Unfunded Actuarial Accrued Liability. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization payment	The portion of the pension plan contribution, or ADC, that is intended to pay off the Unfunded Actuarial Accrued Liability.

Appendix A: Definition of Pension Terms

Term	Definition
Assumptions or actuarial assumptions	The estimates upon which the cost of the Plan is calculated, including: Investment return — the rate of investment yield that the Plan will earn over the long-term future; Mortality rates — the rate or probability of death at a given age for employees and retirees; Retirement rates — the rate or probability of retirement at a given age or service; Disability rates — the rate or probability of disability retirement at a given age; Withdrawal rates — the rate or probability at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates — the rates of salary increase due to inflation, real wage growth and merit and promotion increases.
Closed amortization period	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See Open Amortization Period.
Decrements	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined benefit plan	A retirement plan in which benefits are defined by a formula based on the member's compensation, age and/or years of service.
Defined contribution plan	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer normal cost	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience study	A periodic review and analysis of the actual experience of the Plan that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified based on recommendations from the Actuary.
Funded ratio	The ratio of the Actuarial Value of Assets (AVA) to the Actuarial Accrued Liability (AAL). Plans sometimes also calculate a market funded ratio, using the Market Value of Assets (MVA), rather than the AVA.
GASB 67 and GASB 68	Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.

Appendix A: Definition of Pension Terms

Term	Definition
Investment return	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.
Net Pension Liability (NPL)	The Net Pension Liability is equal to the Total Pension Liability minus the Plan Fiduciary Net Position.
Normal cost	The portion of the Actuarial Present Value of Future Benefits and expenses, if applicable, allocated to a valuation year by the Actuarial Cost Method. Any payment with respect to an Unfunded Actuarial Accrued Liability is not part of the Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of member contributions and employer Normal Cost unless otherwise specifically stated.
Open amortization period	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in each future year in determining the Amortization Period.
Plan Fiduciary Net Position	Market value of assets.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Total Pension Liability (TPL)	The actuarial accrued liability under the entry age normal cost method and based on the blended discount rate as described in GASB 67 and 68.
Unfunded actuarial accrued liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus or an Overfunded Actuarial Accrued Liability.
Valuation date or actuarial valuation date	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Benefits is determined. The expected benefits to be paid in the future are discounted to this date.



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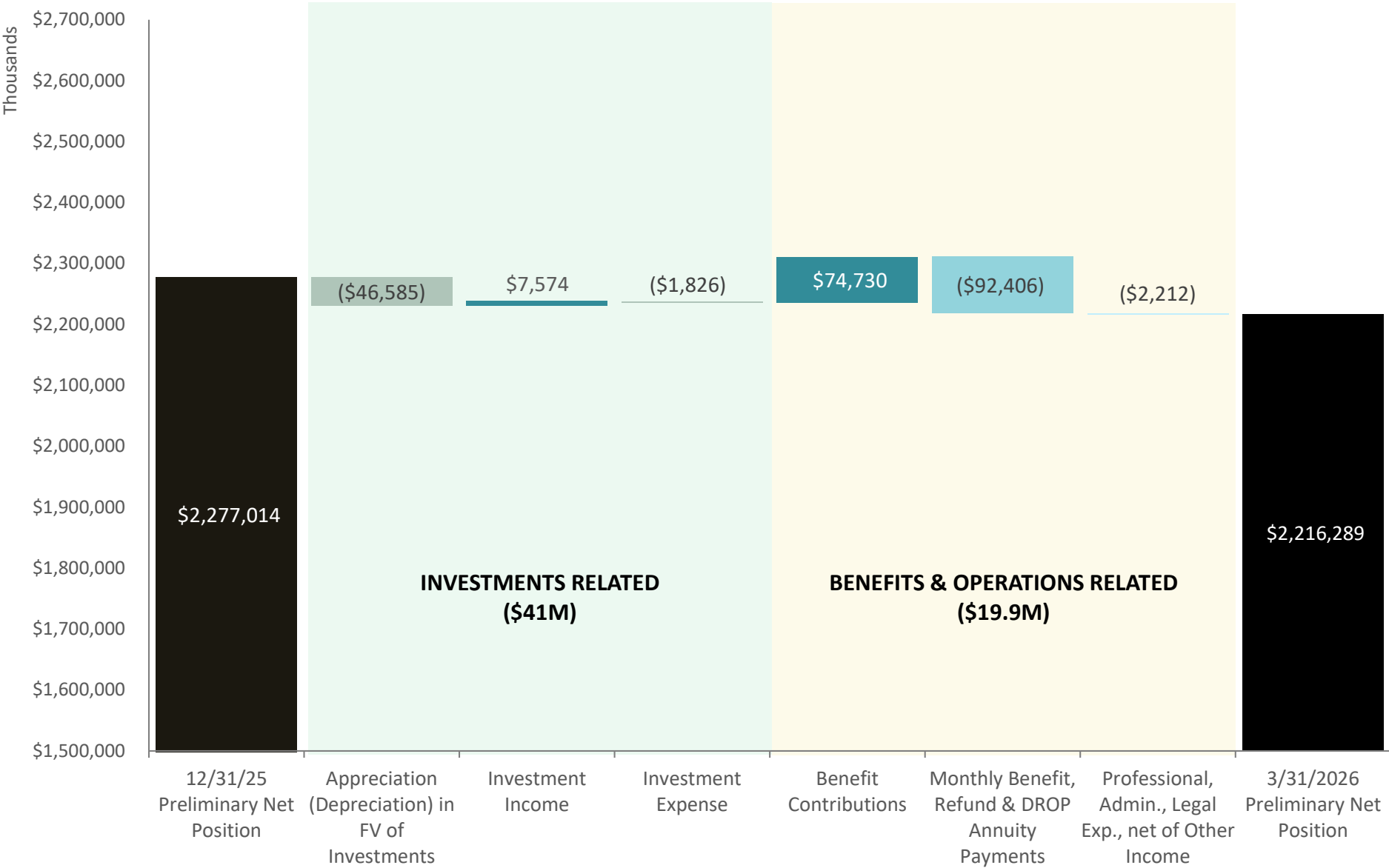
Topic: **Quarterly Financial Reports**

Discussion: The Chief Financial Officer will present the first quarter 2026 financial statements.

Supplemental Board Meeting – Thursday, May 14, 2026

Change in Net Fiduciary Position

December 31, 2025 – March 31, 2026 - Preliminary



Components may not sum exactly due to rounding.

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

	<u>March 31, 2026</u>	<u>PRELIMINARY December 31, 2025</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Investments, at fair value				
Short-term investments	\$ 14,000,836	\$ 17,560,934	\$ (3,560,098)	(20%)
Fixed income securities	324,989,082	284,768,892	40,220,190	14%
Equity securities	1,185,585,184	1,233,728,877	(48,143,693)	(4%)
Real assets	196,364,740	202,557,259	(6,192,519)	(3%)
Private equity	63,787,723	191,130,861	(127,343,138)	(67%)
Public / Private credit	305,133,320	227,502,357	77,630,963	34%
Forward currency contracts	(235)	-	(235)	(100%)
Total investments	<u>2,089,860,650</u>	<u>2,157,249,180</u>	<u>(67,388,530)</u>	<u>(3%)</u>
Receivables				
City	4,351,132	12,587,730	(8,236,598)	(65%)
Members	1,559,284	3,154,591	(1,595,307)	(51%)
Interest and dividends	6,560,915	5,772,629	788,286	14%
Investment sales proceeds	13,132,761	3,532,229	9,600,532	272%
Lease Receivable	453,090	2,460,749	(2,007,659)	(82%)
Other receivables	40,255	19,553	20,702	106%
Total receivables	<u>26,097,437</u>	<u>27,527,481</u>	<u>(1,430,044)</u>	<u>(5%)</u>
Cash and cash equivalents	97,204,382	93,564,406	3,639,976	4%
Prepaid expenses	812,623	570,263	242,360	42%
Capital assets, net	11,274,214	11,341,777	(67,563)	(1%)
Total assets	<u>\$ 2,225,249,306</u>	<u>\$ 2,290,253,107</u>	<u>\$ (65,003,801)</u>	<u>(3%)</u>
Liabilities				
Payables				
Securities purchased	4,486,448	5,449,156	(962,708)	(18%)
Accounts payable and other accrued liabilities	4,084,543	5,689,381	(1,604,838)	(28%)
Total liabilities	<u>8,570,991</u>	<u>11,138,537</u>	<u>(2,567,546)</u>	<u>(23%)</u>
Deferred inflow of resources	389,102	2,100,783	(1,711,681)	(81%)
Net position restricted for pension benefits	<u>\$ 2,216,289,213</u>	<u>\$ 2,277,013,787</u> *	<u>\$ (60,724,574)</u>	<u>(3%)</u>

*The ending period amounts are preliminary and may change as the 2025 results are finalized.

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

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>	<u>\$ Change</u>	<u>% Change</u>
Contributions				
City	\$ 55,527,637	\$ 50,761,945	\$ 4,765,692	9%
Members	19,202,580	18,438,012	764,568	4%
Total Contributions	<u>74,730,217</u>	<u>69,199,957</u>	<u>5,530,260</u>	<u>8%</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	(46,584,762)	(95,680)	(46,489,082)	(48588%)
Interest and dividends	7,573,593	6,824,446	749,147	11%
Total gross investment income	<u>(39,011,169)</u>	<u>6,728,766</u>	<u>(45,739,935)</u>	<u>(680%)</u>
less: investment expense	(1,825,896)	(1,612,283)	(213,613)	(13%)
Net investment income	<u>(40,837,065)</u>	<u>5,116,483</u>	<u>(45,953,548)</u>	<u>(898%)</u>
Other income	68,804	145,706	(76,902)	(53%)
Total additions	<u>33,961,956</u>	<u>74,462,146</u>	<u>(40,500,190)</u>	<u>(54%)</u>
Deductions				
Benefits paid to members	90,668,574	87,073,487	3,595,087	4%
Refunds to members	1,736,931	999,178	737,753	74%
Legal expense	17,882	74,036	(56,154)	(76%)
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	<u>17,882</u>	<u>74,036</u>	<u>(56,154)</u>	<u>(76%)</u>
Staff Salaries and Benefits	1,113,950	1,068,936	45,014	4%
Professional and administrative expenses	1,149,193	750,151	399,042	53%
Total deductions	<u>94,686,530</u>	<u>89,965,788</u>	<u>4,720,742</u>	<u>5%</u>
Net increase (decrease) in net position	<u>(60,724,574)</u>	<u>(15,503,642)</u>		
Beginning of period	2,277,013,787	2,034,276,938		
End of period	<u>\$ 2,216,289,213</u>	<u>\$ 2,018,773,296</u>		



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Topic: **Public Comment**

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

Supplemental Board Meeting – Thursday, May 14, 2026