

AGENDA



Date: May 5, 2023

The first of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes will be held at **8:30 a.m. on Thursday, May 11, 2023, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas and via telephone conference for audio at 214-271-5080 access code 588694 or Toll-Free (US & CAN): 1-800-201-5203 and Zoom meeting for visual <https://us02web.zoom.us/j/81745334176?pwd=MHIPcWZPc2xzYnJMNFVYeXh5Vmhidz09> Passcode: 514630.** Items of the following agenda will be presented to the Board:

- 1. Report on the health and performance of the Pension System**
 - a. Quarterly Financial Reports
 - b. Monthly Contribution Report

- 2. Public comment**

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

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



DISCUSSION SHEET

ITEM #1

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

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

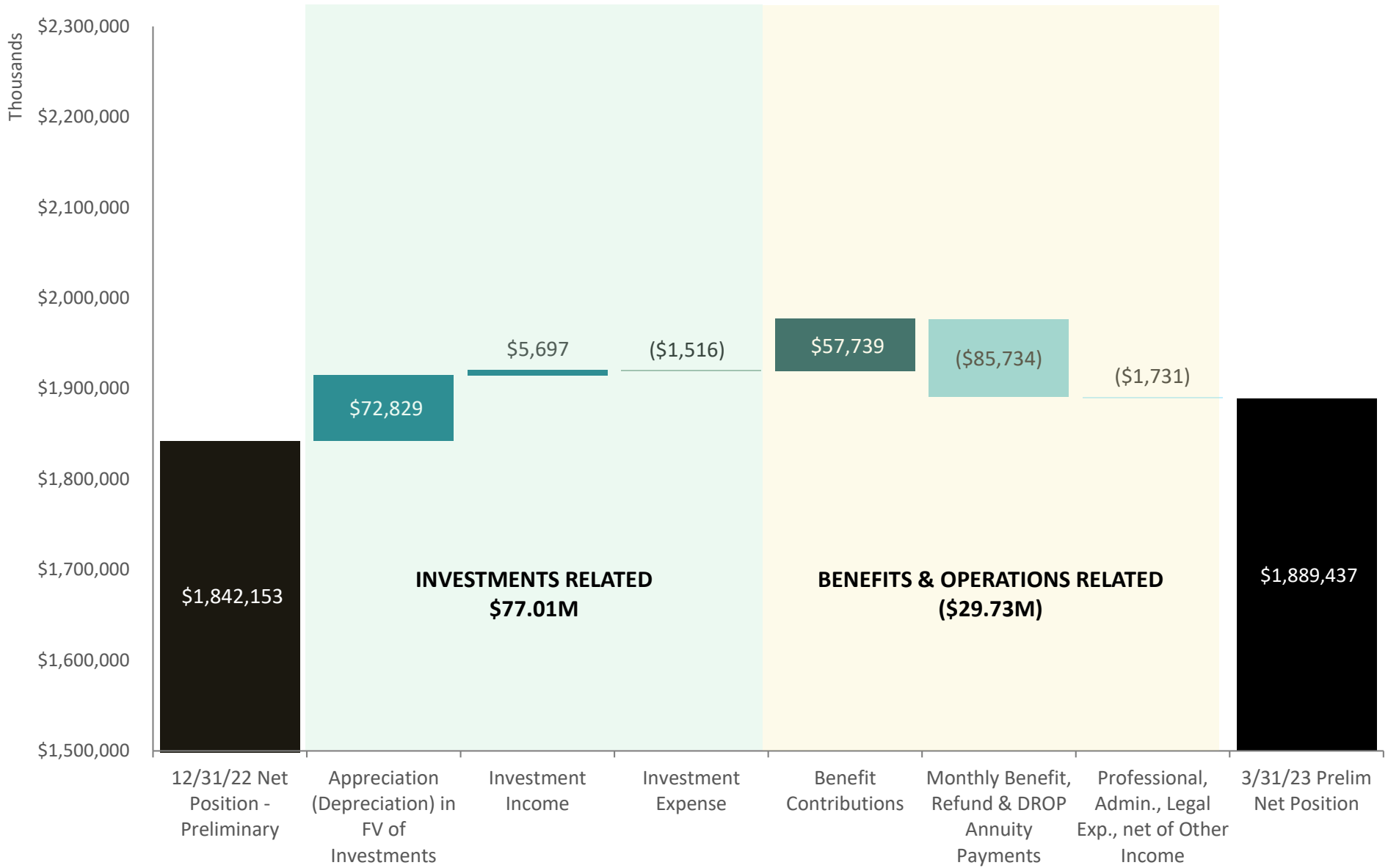
Discussion:

- a. The Chief Financial Officer will present the first quarter 2023 financial statements.
- b. Staff will review the Monthly Contribution Report.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes
Required Public Meeting – Thursday, May 11, 2023*

Change in Net Fiduciary Position

PRELIMINARY - December 31, 2022 – March 31, 2023



Components may not sum exactly due to rounding.

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

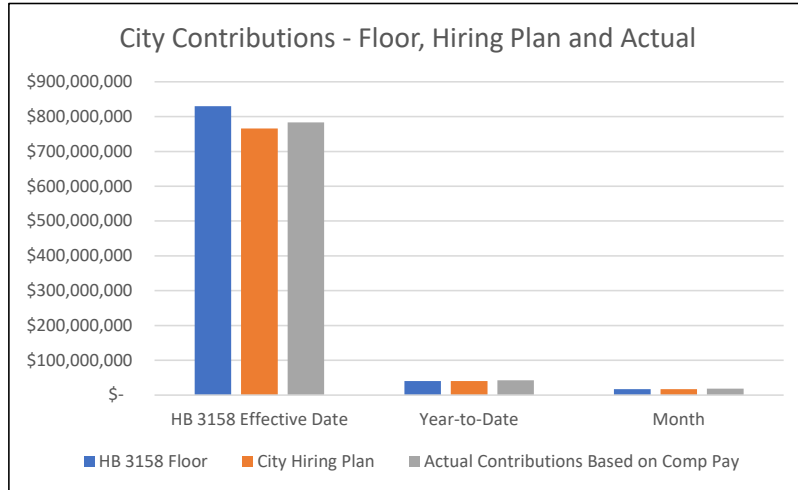
	<u>March 31, 2023</u>	<u>PRELIMINARY December 31, 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Investments, at fair value				
Short-term investments	\$ 15,158,973	\$ 14,890,840	\$ 268,133	2%
Fixed income securities	330,640,974	322,059,764	8,581,210	3%
Equity securities	905,784,916	826,996,060	78,788,856	10%
Real assets	316,838,815	346,681,874	(29,843,059)	-9%
Private equity	238,629,334	238,629,334	-	0%
Forward currency contracts	(1,217)	(970)	(247)	25%
Total investments	<u>1,807,051,795</u>	<u>1,749,256,902</u>	<u>57,794,893</u>	<u>3%</u>
Receivables				
City	1,409,348	5,140,929	(3,731,581)	-73%
Members	515,688	1,819,338	(1,303,650)	-72%
Interest and dividends	4,556,860	3,788,204	768,656	20%
Investment sales proceeds	2,344,769	1,152,406	1,192,363	103%
Other receivables	60,938	49,887	11,051	22%
Total receivables	<u>8,887,603</u>	<u>11,950,764</u>	<u>(3,063,161)</u>	<u>-26%</u>
Cash and cash equivalents	71,237,390	75,285,576	(4,048,186)	-5%
Prepaid expenses	674,472	403,166	271,306	67%
Capital assets, net	11,545,695	11,605,932	(60,237)	-1%
Total assets	<u>\$ 1,899,396,955</u>	<u>\$ 1,848,502,340</u>	<u>\$ 50,894,615</u>	<u>3%</u>
Liabilities				
Payables				
Securities purchased	4,359,534	1,138,945	3,220,589	283%
Accounts payable and other accrued liabilities	5,599,942	5,209,990	389,952	7%
Total liabilities	<u>9,959,476</u>	<u>6,348,935</u>	<u>3,610,541</u>	<u>57%</u>
Net position restricted for pension benefits	<u>\$ 1,889,437,479</u>	<u>\$ 1,842,153,405</u> *	<u>\$ 47,284,074</u>	<u>3%</u>

*The ending period amounts are preliminary and may change as the 2022 results are finalized.

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

	<u>Three Months Ended March 31, 2023</u>	<u>Three Months Ended March 31, 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Contributions				
City	\$ 42,316,896	\$ 41,851,683	\$ 465,213	1%
Members	15,421,728	14,643,915	777,813	5%
Total Contributions	<u>57,738,624</u>	<u>56,495,598</u>	1,243,026	2%
Investment income				
Net appreciation (depreciation) in fair value of investments	72,829,453	(94,334,522)	167,163,975	177%
Interest and dividends	5,696,968	6,499,760	(802,792)	-12%
Total gross investment income	78,526,421	(87,834,762)	166,361,183	189%
less: investment expense	(1,515,716)	(1,867,772)	352,056	19%
Net investment income	<u>77,010,705</u>	<u>(89,702,534)</u>	166,713,239	186%
Other income	59,767	56,826	2,941	5%
Total additions	<u>134,809,096</u>	<u>(33,150,110)</u>	167,959,206	507%
Deductions				
Benefits paid to members	84,415,206	82,697,147	1,718,059	2%
Refunds to members	1,318,628	1,051,222	267,406	25%
Legal expense	139,457	106,848	32,609	31%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	139,457	106,848	32,609	31%
Staff Salaries and Benefits	980,093	907,868	72,225	8%
Professional and administrative expenses	671,638	609,926	61,712	10%
Total deductions	<u>87,525,022</u>	<u>85,373,011</u>	2,152,011	3%
Net increase (decrease) in net position	<u>47,284,074</u>	<u>(118,523,121)</u>		
Beginning of period	1,842,153,405	2,176,501,141		
End of period	<u>\$ 1,889,437,479</u>	<u>\$ 2,057,978,020</u>		

Contribution Tracking Summary - May 2023 (March 2023 Data)

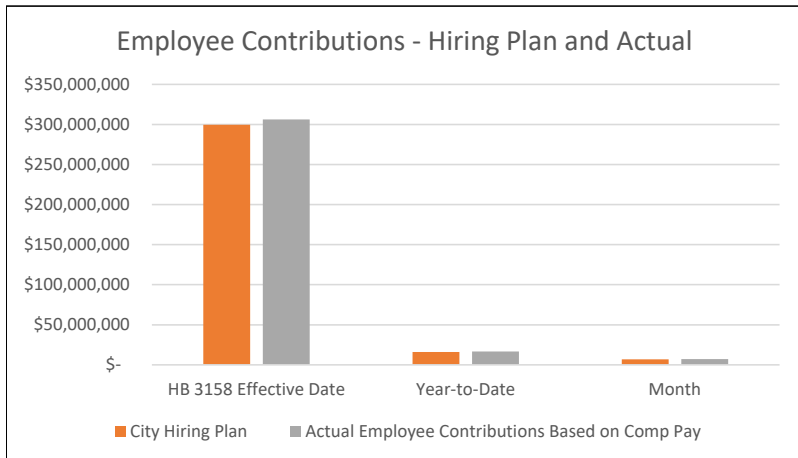


Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

The Floor decreased for 2023 to equal the Hiring Plan, this was a decrease by 3.82% in 2023 for the Floor. The Hiring Plan increased by 3.79% in 2023. It is expected that actual contributions will exceed the Floor through 2024.

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

With the new year the City's Hiring Plan added 50 Police Officers to the estimates which now increases the shortfall of employees. The combined actual employees was 83 less than the Hiring Plan for the pay period ending March 11, 2023. Fire was over the estimate by 122 Fire Fighters and Police under by 205 Police Officers.



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

There is no Floor on employee contributions.

Contribution Summary Data

City Contributions

Mar-23	Number of Pay Periods Beginning in the Month	HB 3158 Floor	City Hiring Plan	Actual Contributions Based on Comp Pay	Additional Contributions to Meet Floor Minimum	Comp Pay Contributions as a % of Floor Contributions	Comp Pay Contributions as a % of Hiring Plan Contributions
Month	3	\$ 17,436,000	\$ 17,435,769	\$ 18,355,191	\$ -	105%	105%
Year-to-Date		\$ 40,684,000	\$ 40,683,462	\$ 42,757,521	\$ -	105%	105%
HB 3158 Effective Date		\$ 829,905,000	\$ 765,793,846	\$ 783,061,412	\$ 48,990,866	94%	102%

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

Employee Contributions

Mar-23	Number of Pay Periods Beginning in the Month	City Hiring Plan	Actual Employee Contributions Based on Comp Pay	Actual Contribution Shortfall Compared to Hiring Plan	Actuarial Valuation Contribution Assumption	Actual Contributions as a % of Hiring Plan Contributions	Actual Contributions as a % of Actuarial Val Assumption
Month	3	\$ 6,822,692	\$ 7,183,434	\$ 360,742	\$ 6,355,386	105%	113%
Year-to-Date		\$ 15,919,615	\$ 16,738,716	\$ 819,101	\$ 14,829,234	105%	113%
HB 3158 Effective Date		\$ 299,658,462	\$ 306,228,928	\$ 6,570,466	\$ 291,568,900	102%	105%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ (7,219)

Does not include Supplemental Plan Contributions.

Reference Information

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

The HB 3158 Bi-weekly Floor ends after 2024

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

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

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

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

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

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

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

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

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

Comp Pay by Month - 2023	Annual Divided by 26 Pay Periods	Actual	Difference	2022 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 33,692,308	\$ 35,387,168	\$ 1,694,860	\$ 1,694,860	4922	(241)
February	\$ 33,692,308	\$ 35,344,223	\$ 1,651,915	\$ 3,346,776	5045	(118)
March	\$ 50,538,462	\$ 53,203,452	\$ 2,664,991	\$ 6,011,766	5080	(83)
April	\$ 33,692,308					
May	\$ 33,692,308					
June	\$ 33,692,308					
July	\$ 33,692,308					
August	\$ 50,538,462					
September	\$ 33,692,308					
October	\$ 33,692,308					
November	\$ 33,692,308					
December	\$ 33,692,308					



DISCUSSION SHEET

ITEM #2

Topic: Public comment

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

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes
Required Public Meeting – Thursday, May 11, 2023*