

## AGENDA



**Date:** August 5, 2022

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, August 11, 2022, 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/82574554632?pwd=dk1KVVdwWmYzRjQyT3dZRTdlT05qZz09> Passcode: 472056.** Items of the following agenda will be presented to the Board:

### **A. MOMENT OF SILENCE**

### **B. CONSENT AGENDA**

#### **1. Approval of Minutes**

Regular meeting of July 14, 2022

#### **2. Approval of Refunds of Contributions for the Month of July 2022**

- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2022**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**

**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

- 1. Meketa Manager Search Information**
- 2. Quarterly Financial Reports**
- 3. 2022 Mid-Year Budget Review**
- 4. Financial Audit Status**
- 5. Monthly Contribution Report**

- 6. Board approval of Trustee education and travel**
  - a. Future Education and Business-related Travel
  - b. Future Investment-related Travel
- 7. Portfolio Update**
- 8. Infrastructure Portfolio Review**
- 9. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**
- 10. Recognition of outgoing Trustees**

**D. BRIEFING ITEMS**

- 1. Public Comment**

**2. Executive Director's report**

**a. Associations' newsletters**

- NCPERS Monitor (August 2022)

**b. Open Records**

**c. Employee Service Awards**

**d. Employee Update**

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.



## **MOMENT OF SILENCE**

**In memory of our Members and Pensioners who recently passed away**

<b>NAME</b>	<b>ACTIVE/ RETIRED</b>	<b>DEPARTMENT</b>	<b>DATE OF DEATH</b>
Paul Hernandez	Retired	Police	Jun. 16, 2022
Chad L. Jefferson	Active	Police	Jul. 21, 2022
Orville E. Stanton	Retired	Police	Jul. 26, 2022
Donald R. Hawkins	Retired	Fire	Jul. 27, 2022
David M. Stambaugh	Retired	Fire	Jul. 30, 2022

*Regular Board Meeting –Thursday, August 11, 2022*

**Dallas Police and Fire Pension System  
Thursday, July 14, 2022  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room  
Dallas, TX**

Regular meeting, Nicholas A. Merrick, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:31 a.m. Nicholas A. Merrick, William F. Quinn, Armando Garza (by telephone), Michael Brown, Robert B. French, Kenneth Haben (by telephone), Tina Hernandez Patterson, Mark Malveaux

Present at 8:34 a.m. Gilbert A. Garcia

Absent: Steve Idoux

**Staff**

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, John Holt, Greg Irlbeck, Michael Yan, Akshay Patel, Milissa Romero Cynthia Thomas (by telephone)

**Others**

Jeff Williams (by telephone), Leandro Festino, Aaron Lally (by telephone), Colin Kowalski (by telephone), Tom Tull (by telephone), Stuart Pattillo, Mitchell Zaniboni, Greg Taylor, Mark Sales, Nancy Rocha, Joseph Thompson

\* \* \* \* \*

The Regular meeting was called to order at 8:31 a.m.

\* \* \* \* \*

**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officer Robert D. Browning, Charles T. Grady, Ricardo Terrones, Robert W. Brashear, Tommy Q. Akins, Ronnie Brigance, and retired firefighters Ronald D. Barree, John E. Boaz, William F. Woody, Lewis A. Foster, Jimmie J. Hendrix.

No motion was made.

**Regular Board Meeting  
Thursday, July 14, 2022**

\* \* \* \* \*

**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of June 2, 2022

- 2. Approval of Refunds of Contributions for the Month of June 2022**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for July 2022**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Payment of Military Leave Contributions**
- 9. Approval of Payment of QDRO Buyback Contributions**

After discussion, Mr. Quinn made a motion to approve the minutes of the Regular meeting of June 2, 2022. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Quinn made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Malveaux seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, July 14, 2022**

**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. January 1, 2022 Actuarial Valuation Assumptions**

Jeff Williams, Vice President and Actuary of Segal Consulting, reviewed the assumptions used for January 1, 2021 Actuarial Valuation and believes they remain appropriate and has recommended only minor changes to the assumptions for the January 1, 2022 Actuarial Valuation for the Regular Plan (Combined Plan) and the Supplemental Plan.

After discussion, Mr. Garcia made a motion to direct Segal to use its recommended assumptions in preparing the January 1, 2022 Actuarial Valuation for the Regular Plan (Combined Plan) and the Supplemental Plan. Mr. Quinn seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**2. Active-Duty Survivor Benefits**

Jeff Williams, Vice President and Actuary of Segal Consulting, reviewed the actuarial analysis of proposed changes to pre-retirement death benefits for members in active service.

After discussion, Mr. Garza made a motion to direct staff to pursue a legislative change to provide for 100% death benefits for active members who die in the line of duty. Mr. Haben seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**3. Certification of Non-member Trustee Election Results**

The terms of the three Non-member Trustees (Gilbert Garcia, Tina Hernandez Patterson, and Robert French) expire on August 31, 2022.

Pursuant to the election rules adopted by the Board, three trustees have been elected by the members and pensioners from a slate of nominees selected and vetted by the nominations committee as required by Article 6243a-1 of the Texas Statutes. The terms of the three Non-member Trustees will run from September 1, 2022 to August 31, 2025.



**Regular Board Meeting  
Thursday, July 14, 2022**

**3. Certification of Non-member Trustee Election Results (continued)**

The election process was conducted in accordance with the Board’s election policy by an independent third-party election company. The election company, YesElections, powered by Election America, provided a report of the results of the election.

After discussion, Mr. Garcia made a motion to certify the election of Nancy Rocha, Anthony R. Scavuzzo, and Marcus Smith as Non-member Trustees to serve from September 1, 2022, until August 31, 2025. Mr. French seconded the motion, which was unanimously approved by the Board.

**Election-America, Inc.**  
1773 Eye Street NW, Suite 1150  
Washington, DC 20006  
Phone: (202) 361-4320  
Toll Free: (866) 514-2905  
www.election-america.com

**Results - 2022 Non-Member Trustee**

Candidate	Choice	Votes	% Voted
Nancy Rocha	Yes, I approve	646	83.14%
	No, I do not approve	131	16.86%
Anthony R. Scavuzzo	Yes, I approve	577	74.26%
	No, I do not approve	200	25.74%
Marcus Smith	Yes, I approve	551	70.91%
	No, I do not approve	226	29.09%

**Turnout by Member Type**

Member Type	Internet	Phone	Total	Electorate	Total %
Active	157	46	203	5058	4.01
Retiree	425	149	574	3917	14.65
<b>Total</b>	<b>582</b>	<b>195</b>	<b>777</b>	<b>8975</b>	<b>8.66%</b>

www.Election-America.com

\* \* \* \* \*

**Regular Board Meeting  
Thursday, July 14, 2022**

**4. Monthly Contribution Report**

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

\* \* \* \* \*

**5. Board approval of Trustee education and travel**

**a. Future Education and Business-related Travel**

**b. Future Investment-related Travel**

The Board and staff discussed future Trustee education. There was no future investment-related travel scheduled.

After discussion, Mr. Garcia made a motion to approve Kenneth Haben to attend the NCPERS Public Safety Conference. Mr. French seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**6. Financial Audit Status**

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

No motion was made.

\* \* \* \* \*

**7. Portfolio Update**

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio. Staff discussed a preference to redeploy future private asset proceeds into the public portfolio, and most likely public equity, given that the Safety Reserve is currently at its target allocation. Staff noted that the IAC concurred with this direction at the July meeting and that staff would communicate any planned rebalancing actions to the IAC.

No motion was made.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, July 14, 2022**

**8. Report on Investment Advisory Committee**

The Investment Advisory Committee met on July 13, 2022. The Committee Chair and Investment Staff commented on Committee observations and advice.

\* \* \* \* \*

**9. Emerging Market Debt Manager Recommendation**

Working with Meketa, staff conducted a search for an Emerging Markets Debt manager. The Investment Advisory Committee provided advice regarding the search and interviewed two finalists. Staff and Meketa discussed the search process and the recommendation.

After discussion, Mr. Garcia made a motion to approve the Investment Advisory Committee’s and staff’s recommendation to hire MetLife for the Emerging Markets Debt allocation and to liquidate the current Ashmore EMD Blended strategy to fund the new investment with MetLife. Mr. Malveaux seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**10. Natural Resources: Hancock Presentation**

Stuart Pattillo, Director, Senior Agriculture Portfolio Manager and Mitchell Zaniboni, Agriculture Portfolio Analyst, representatives of Hancock Natural Resource Group updated the Board on the status and plans for DPF’s agricultural portfolio, as well as provided a market update on the major crops in the DPF portfolio.

The Board went into closed executive session at 10:22 a.m.

The meeting was reopened at 11:49 a.m.

No motion was made.

\* \* \* \* \*

Mr. Haben left the meeting at 11:31 a.m.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, July 14, 2022**

**11. Private Asset Cash Flow Projection Update**

Staff provided the quarterly update on the private asset cash flow projection model. The cash flow model projects estimated contributions to, and distributions from, private assets through the end of 2023. These estimates are intended to assist the Board in evaluating the expected time frame to reduce DPFPP’s exposure to these assets and the implications for the public asset redeployment, overall asset allocation, and expected portfolio risk and return.

No motion was made.

\* \* \* \* \*

**12. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DPFPP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

The Board went into closed executive session at 10:22 a.m.

The meeting was reopened at 11:49 a.m.

The Board and staff discussed legal issues.

No motion was made.

\* \* \* \* \*

**D. BRIEFING ITEMS**

**1. Public Comments**

Prior to commencing items for Board discussion and deliberation, the Board received public comments during the open forum.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, July 14, 2022**

**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS PERSist (Spring 2022)
- b. Open Records
- c. Employee Service Awards

The Executive Director's report was presented.

\* \* \* \* \*

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Malveaux and a second by Ms. Hernandez Patterson the meeting was adjourned at 12:06 p.m.

\_\_\_\_\_  
Nicholas A. Merrick  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk  
Secretary



## DISCUSSION SHEET

### ITEM #C1

**Topic:** **Meketa Manager Search Information**

**Attendees:** Leandro Festino – Managing Principal, Consultant (by phone)

**Discussion:** At the July meeting, a Trustee requested data from Meketa on certain characteristics of core stock and bond manager searches conducted by Meketa or advised on by Meketa for clients. Meketa will provide the data and discuss the results since 2018.

*Regular Board Meeting – Thursday, August 11, 2022*



## DISCUSSION SHEET

### ITEM #C2

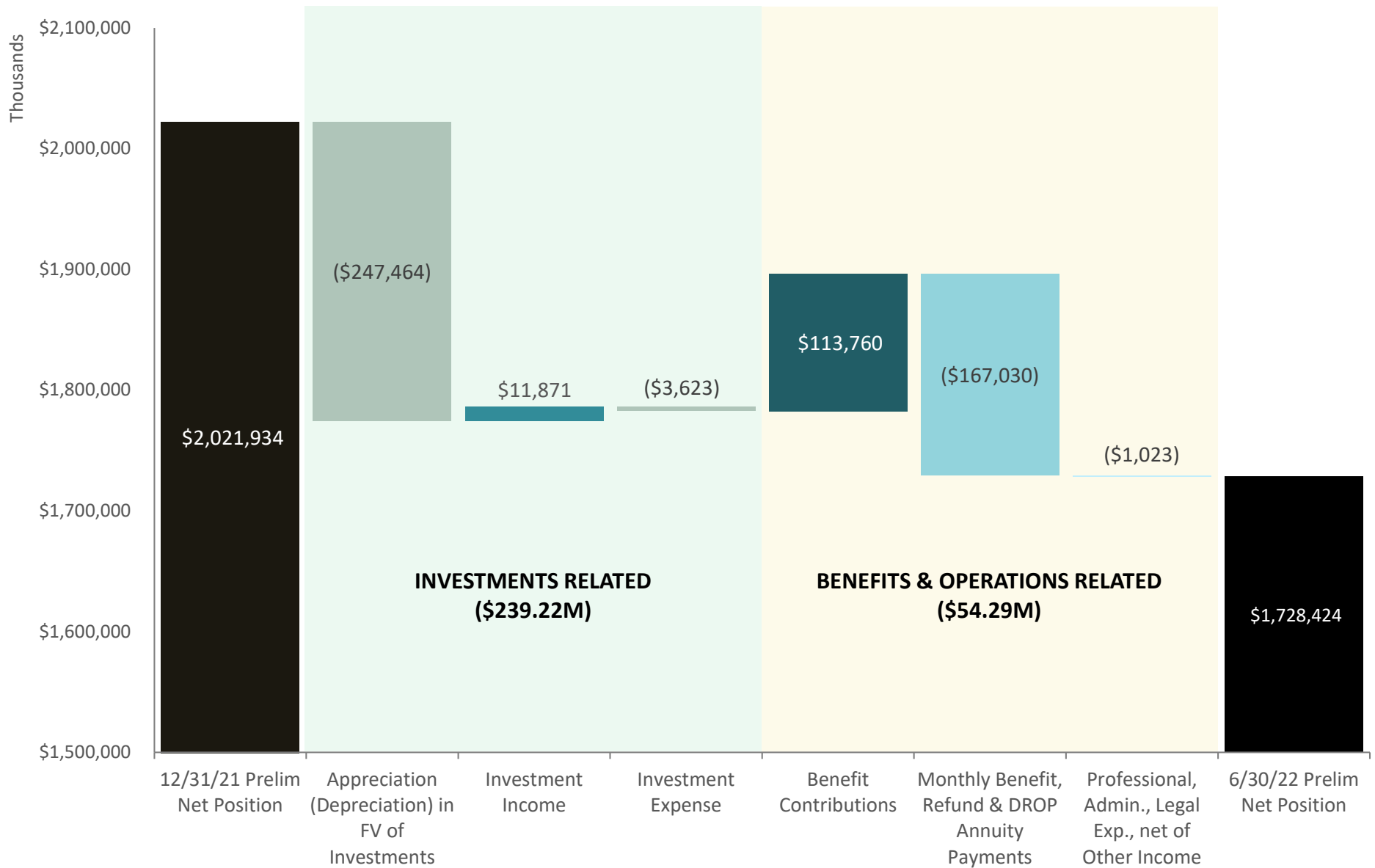
**Topic:** Quarterly Financial Reports

**Discussion:** The Chief Financial Officer will present the second quarter 2022 financial statements.

*Regular Board Meeting – Thursday, August 11, 2022*

## Change in Net Fiduciary Position

**PRELIMINARY** - December 31, 2021 – June 30, 2022



Components may not sum exactly due to rounding.



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

	June 30, 2022	PRELIMINARY December 31, 2021 (unaudited)	\$ Change	% Change
<b>Assets</b>				
<b>Investments, at fair value (NOTE)</b>				
Short-term investments	\$ 16,032,665	\$ 12,939,975	\$ 3,092,690	24%
Fixed income securities	345,776,678	420,098,166	(74,321,488)	-18%
Equity securities	770,041,758	968,323,984	(198,282,226)	-20%
Real assets	390,646,637	409,453,397	(18,806,760)	-5%
Private equity	135,531,510	134,728,635	802,875	1%
Forward currency contracts	(214)	(46)	(168)	-365%
<b>Total investments (NOTE)</b>	<b>1,658,029,034</b>	<b>1,945,544,111</b>	<b>(287,515,077)</b>	<b>-15%</b>
<b>Receivables</b>				
City	4,206,214	4,558,572	(352,358)	-8%
Members	1,468,643	1,613,390	(144,747)	-9%
Interest and dividends	3,645,803	3,444,616	201,187	6%
Investment sales proceeds	356,090	223,273	132,817	59%
Other receivables	422,744	124,614	298,130	239%
<b>Total receivables</b>	<b>10,099,494</b>	<b>9,964,465</b>	<b>135,029</b>	<b>1%</b>
Cash and cash equivalents	56,296,224	60,032,434	(3,736,210)	-6%
Prepaid expenses	902,074	411,295	490,779	119%
Capital assets, net	11,726,406	11,846,879	(120,473)	-1%
<b>Total assets</b>	<b>\$ 1,737,053,232</b>	<b>\$ 2,027,799,184</b>	<b>\$ (290,745,952)</b>	<b>-14%</b>
<b>Liabilities</b>				
<b>Payables</b>				
Securities purchased	3,684,281	358,266	3,326,015	928%
Accounts payable and other accrued liabilities	4,944,655	5,506,622	(561,967)	-10%
<b>Total liabilities</b>	<b>8,628,936</b>	<b>5,864,888</b>	<b>2,764,048</b>	<b>47%</b>
<b>Net position restricted for pension benefits</b>	<b>\$ 1,728,424,296</b>	<b>\$ 2,021,934,296</b>	<b>\$ (293,510,000)</b>	<b>-15%</b>

**(NOTE)** Private asset values have not yet been reported for Q4 21. Values will be updated as final reporting is received.

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

	<u>Six Months Ended June 30, 2022</u>	<u>Six Months Ended June 30, 2021</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Contributions</b>				
City	\$ 84,231,674	\$ 82,067,414	\$ 2,164,260	3%
Members	29,528,378	29,014,008	514,370	2%
<b>Total Contributions</b>	<u>113,760,052</u>	<u>111,081,422</u>	2,678,630	2%
<b>Investment income</b>				
Net appreciation (depreciation) in fair value of investments <b>(NOTE)</b>	(247,464,039)	89,635,773	(337,099,812)	-376%
Interest and dividends	11,870,831	15,631,613	(3,760,782)	-24%
Total gross investment income	(235,593,208)	105,267,386	(340,860,594)	-324%
less: investment expense	(3,623,234)	(5,527,859)	1,904,625	34%
<b>Net investment income</b>	<u>(239,216,442)</u>	<u>99,739,527</u>	(338,955,969)	-340%
Other income	2,202,788	174,336	2,028,452	1164%
<b>Total additions</b>	<u>(123,253,602)</u>	<u>210,995,285</u>	(334,248,887)	-158%
<b>Deductions</b>				
Benefits paid to members	165,366,930	161,045,128	4,321,802	3%
Refunds to members	1,663,520	1,238,041	425,479	34%
Legal expense	259,412	10,068	249,344	2477%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	<u>259,412</u>	<u>10,068</u>	249,344	2477%
Staff Salaries and Benefits	1,700,970	1,785,053	(84,083)	-5%
Professional and administrative expenses	1,265,566	1,314,322	(48,756)	-4%
<b>Total deductions</b>	<u>170,256,398</u>	<u>165,392,612</u>	4,863,786	3%
<b>Net increase (decrease) in net position</b>	<u>(293,510,000)</u>	<u>45,602,673</u>		
Beginning of period	2,021,934,296	1,960,074,777		
End of period	<u>\$ 1,728,424,296</u>	<u>\$ 2,005,677,450</u>		

**(NOTE)** Private asset values have not yet been reported for Q4 21. Values will be updated as final reporting is received.



## DISCUSSION SHEET

### ITEM #C3

**Topic:** 2022 Mid-Year Budget Review

**Discussion:** Attached is a review of the 2022 Operating Expense Budget detailing expenses for the first six months of the calendar year.

Expense items with variances to the prorated budget by more than 5% and \$10,000 as of June 30, 2022 are discussed in the attached review.

Supplemental Plan expenses are deducted from total expenses in arriving at total Regular Plan expenses. Expenses are allocated to the two plans on a pro-rata basis, according to the ratio of each plan's assets to the total Group Trust assets. The ratio is derived from the Unitization Report prepared by JPMorgan as of June 30, 2022. The ratio is 99.19% Regular Plan to .81% Supplemental Plan.

*Regular Board Meeting – Thursday, August 11, 2022*

**BUDGET REVIEW  
2022 MID -YEAR REVIEW**

Description	2022 6 months Actual	2022 6 months Budget	2021 6 months Actual	Budget vs Actual Variance \$ Over/(Under)	Budget vs Actual Variance % Over/(Under)
1 Liability insurance	365,664	332,450	304,420	33,214	10.0%
2 Legal fees, no insurance reimb for any category	259,412	257,500	10,068	1,912	0.7%
3 Bank Fees	11,671	10,000	9,839	1,671	16.7%
4 Miscellaneous professional services	9,551	9,229	19,260	322	3.5%
5 Printing	2,207	2,050	932	157	7.7%
6 Records storage	759	750	696	9	1.2%
7 Legislative consultants	63,000	63,000	94,543	-	0.0%
8 Depreciation exp - IT hardware	7,343	7,343	7,343	-	0.0%
9 Business continuity	8,804	9,000	11,831	(196)	-2.2%
10 Staff meetings	-	250	-	(250)	-100.0%
11 Subscriptions	487	1,198	448	(711)	-59.3%
12 Accounting services	29,500	30,385	29,500	(885)	-2.9%
13 Memberships and dues	8,754	9,743	8,975	(989)	-10.2%
14 Postage	13,830	14,825	4,890	(995)	-6.7%
15 Leased equipment	10,908	12,000	11,116	(1,092)	-9.1%
16 Member educational programs	250	1,375	-	(1,125)	-81.8%
17 Office supplies	11,109	12,237	4,931	(1,128)	-9.2%
18 Board meetings	1,524	3,210	499	(1,686)	-52.5%
19 Elections	7,938	10,000	-	(2,062)	-20.6%
20 Employee service recognition	-	2,540	-	(2,540)	-100.0%
21 IT software/hardware	9,667	12,500	15,630	(2,833)	-22.7%
22 Employment expenses	9,740	12,805	4,061	(3,065)	-23.9%
23 Network security review	-	5,000	-	(5,000)	-100.0%
24 Communications (phone/internet)	9,537	14,917	46,570	(5,380)	-36.1%
25 Building expenses, incl depreciation	317,719	323,337	298,416	(5,618)	-1.7%
26 Conference registration/materials - board	75	5,825	150	(5,750)	-98.7%
27 Miscellaneous expense	21	6,000	-	(5,979)	-99.7%
28 Disability medical evaluations	-	6,000	-	(6,000)	-100.0%
29 Repairs and maintenance	35,682	44,288	39,850	(8,606)	-19.4%
30 Travel - board	848	10,750	1,558	(9,902)	-92.1%
31 IT subscriptions/services/licenses	95,909	106,150	92,273	(10,241)	-9.6%
32 Travel - staff	4,487	21,475	2,082	(16,988)	-79.1%
33 Conference/training registration/materials - staff	1,418	18,875	1,732	(17,457)	-92.5%
34 Pension administration software & WMS	122,705	146,000	137,071	(23,295)	-16.0%
35 Actuarial services	49,192	79,125	41,000	(29,933)	-37.8%
36 Public Relations Expense	17,499	50,000	2,152	(32,501)	-65.0%
37 Network security monitoring	6,171	50,000	39,451	(43,829)	-87.7%
38 Independent audit	-	51,500	65,000	(51,500)	-100.0%
39 Information technology projects	31,597	125,000	18,103	(93,403)	-74.7%
40 Salaries and benefits	1,700,970	1,967,773	1,785,053	(266,803)	-13.6%
<b>Gross Total</b>	<b>3,225,948</b>	<b>3,846,405</b>	<b>3,109,443</b>	<b>(620,457)</b>	<b>-16.1%</b>
Less: Allocation to Supplemental Plan Budget*	26,225	32,502	24,704	(6,277)	-19.3%
<b>Total Regular Plan Budget</b>	<b>\$ 3,199,723</b>	<b>\$ 3,813,903</b>	<b>\$ 3,084,739</b>	<b>\$ (614,180)</b>	<b>-16.1%</b>

\*Split to Supplemental is based on unitization

1 Investment due diligence	19,885	21,250	17,500	(1,365)	-6.4%
2 Investment consultant and reporting	171,042	172,500	168,541	(1,458)	-0.8%
3 Investment portfolio operating expenses	485,883	490,750	2,231,883	(4,867)	-1.0%
4 Custodian fees	110,340	117,500	116,204	(7,160)	-6.1%
5 Fund management fees	2,836,084	3,295,000	2,993,731	(458,916)	-13.9%
<b>Total Investment Expenses</b>	<b>3,623,234</b>	<b>4,097,000</b>	<b>5,527,859</b>	<b>(473,766)</b>	<b>-11.6%</b>

**BUDGET  
2022 MID-YEAR REVIEW**

**Budget Changes (>5% and \$10K)**

	Description	2022 6 months Actual	2022 6 months Budget	Budget vs Actual Variance \$ Over/(Under)	Budget vs Actual Variance % Over/(Under)	Explanation
<b>INCREASES:</b>						
1	Liability insurance	365,664	332,450	33,214	10.0%	Variance was driven by significant increases in cyber and fiduciary insurance at the last renewal cycle.
<b>REDUCTIONS:</b>						
2	Salaries and benefits	1,700,970	1,967,773	(266,803)	-13.6%	Lower than forecasted expenses due to vacant staff positions and one budgeted but unfilled position - Communications Specialist.
3	Information technology projects	31,597	125,000	(93,403)	-74.7%	Some budgeted projects may be deferred to 2023 in order to align our security posture with cyber security insurance requirements.
4	Independent audit	-	51,500	(51,500)	-100.0%	Variance was related to the timing of the billing from BDO.
5	Network security monitoring	6,171	50,000	(43,829)	-87.7%	Variance was driven by the timing of various security monitoring initiatives under way. Expect expenses to increase in the second half of 2022.
6	Public Relations Expense	17,499	50,000	(32,501)	-65.0%	Variance was related to the timing of the expenses. The budgeted project with FleishmanHillard has been deferred to the second half of the year.
7	Actuarial services	49,192	79,125	(29,933)	-37.8%	Variance was due in part to the timing and quantity of specialized services required.
8	Pension administration software & WMS	122,705	146,000	(23,295)	-16.0%	Budgeted Pension Gold and Web Members Services enhancement expenses have been less than anticipated.
9	Conference/training registration/materials - staff	1,418	18,875	(17,457)	-92.5%	Staff Conference Training attendance still significantly reduced due to possible health concerns
10	Travel - staff	4,487	21,475	(16,988)	-79.1%	While staff travel is increasing, it is still significantly reduced due to possible health concerns.
11	IT subscriptions/services/licenses	95,909	106,150	(10,241)	-9.6%	Variance was primarily related to the timing of the expenses.

<b>INVESTMENT EXPENSES</b>						
	Description	2021 6 months Actual	2021 6 months Budget	Budget vs Actual Variance \$ Over/(Under)	Budget vs Actual Variance % Over/(Under)	Explanation
1	Fund management fees	2,836,084	3,295,000	(458,916)	-13.9%	Budget and Actual are for direct fees only. Variance was due in part to the timing of expenses. Some performance fees are due and paid at year end.



## DISCUSSION SHEET

### ITEM #C4

**Topic:** Financial Audit Status

**Discussion:** The Chief Financial Officer will provide a status update on the annual financial audit.

*Regular Board Meeting – Thursday, August 11, 2022*



## DISCUSSION SHEET

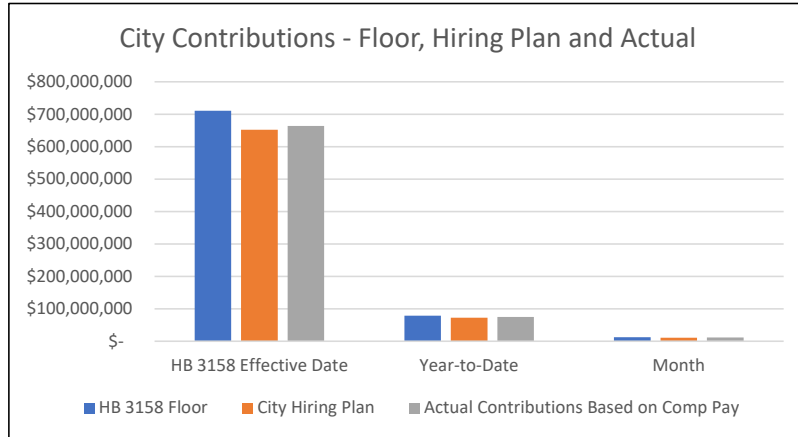
### ITEM #C5

**Topic:** Monthly Contribution Report

**Discussion:** Staff will review the Monthly Contribution Report.

*Regular Board Meeting – Thursday, August 11, 2022*

**Contribution Tracking Summary - August 2022 (June 2022 Data)**



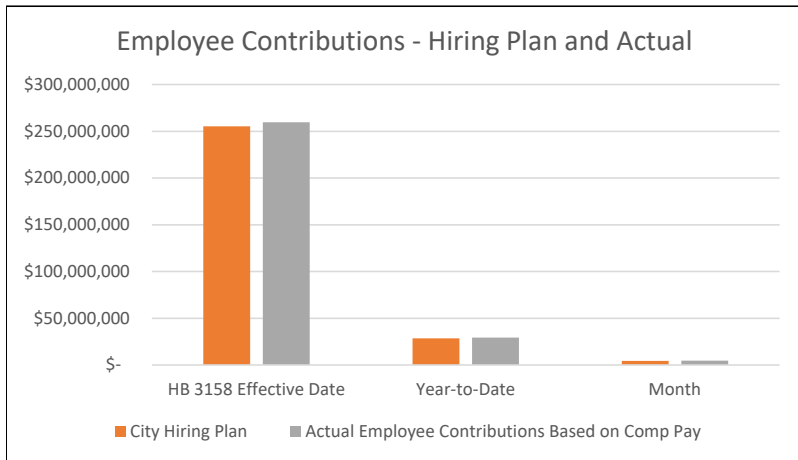
Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

In the most recent month Actual Comp Pay was 104% of the Hiring Plan estimate and 96% of the Floor amount.

The Hiring Plan Comp Pay estimate increased by 3.43% in 2022. The Floor increased by 2.74%.

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

The combined actual employees was 198 less than the Hiring Plan for the pay period ending July 5, 2022. Fire was over the estimate by 36 fire fighters and Police under by 234 officers.



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

There is no Floor on employee contributions.



**Contribution Summary Data**

**City Contributions**

	Number of Pay Periods Beginning in the Month	HB 3158 Floor	City Hiring Plan	Actual Contributions Based on Comp Pay	Additional Contributions to Meet Floor Minimum	Comp Pay Contributions as a % of Floor Contributions	Comp Pay Contributions as a % of Hiring Plan Contributions
<b>Jun-22</b>							
Month	2	\$ 12,086,000	\$ 11,199,231	\$ 11,634,534	\$ 451,466	96%	104%
Year-to-Date		\$ 78,559,000	\$ 72,795,000	\$ 75,108,778	\$ 3,450,272	96%	103%
HB 3158 Effective Date		\$ 710,662,000	\$ 652,315,385	\$ 663,921,602	\$ 46,814,155	93%	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**

	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
<b>Jun-22</b>							
Month	2	\$ 4,382,308	\$ 4,549,480	\$ 167,172	\$ 4,236,924	104%	107%
Year-to-Date		\$ 28,485,000	\$ 29,384,831	\$ 899,831	\$ 27,540,006	103%	107%
HB 3158 Effective Date		\$ 255,253,846	\$ 259,633,744	\$ 4,379,897	\$ 249,199,660	102%	104%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ (277,528)

*Does not include Supplemental Plan Contributions.*

**Reference Information**

<b>City Contributions: HB 3158 Bi-weekly Floor and the City Hiring Plan Converted to Bi-weekly Contributions</b>						
	<b>HB 3158 Bi-weekly Floor</b>	<b>City Hiring Plan-Bi-weekly</b>	<b>HB 3158 Floor Compared to the Hiring Plan</b>	<b>Hiring Plan as a % of the Floor</b>	<b>% Increase/ (decrease) in the Floor</b>	<b>% Increase/ (decrease) in the Hiring Plan</b>
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*

<b>Employee Contributions: City Hiring Plan and Actuarial Val. Converted to Bi-weekly Contributions</b>				
		<b>City Hiring Plan Converted to Bi-weekly Employee Contributions</b>	<b>Actuarial Valuation Assumption Converted to Bi-weekly Employee contributions</b>	<b>Actuarial Valuation as a % of Hiring Plan</b>
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
<b>YE 2017 (1/1/2018 Valuation)</b>		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
<b>2019 Estimate (1/1/2019 Valuation)</b>		
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.

<b>City Hiring Plan - Annual Computation Pay and Numbers of Employees</b>						
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			5,113		
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 - 2022	Annual Divided by 26 Pay Periods	Actual	Difference	2022 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 32,461,538	\$ 33,363,143	\$ 901,604	\$ 901,604	4946	(167)
February	\$ 32,461,538	\$ 33,314,230	\$ 852,692	\$ 852,692	4943	(170)
March	\$ 48,692,308	\$ 50,179,220	\$ 1,486,912	\$ 1,486,912	4937	(176)
April	\$ 32,461,538	\$ 33,555,403	\$ 1,093,864	\$ 1,093,864	4930	(183)
May	\$ 32,461,538	\$ 33,573,492	\$ 1,111,953	\$ 1,111,953	4918	(195)
June	\$ 32,461,538	\$ 33,723,288	\$ 1,261,749	\$ 1,261,749	4915	(198)
July	\$ 32,461,538					
August	\$ 48,692,308					
September	\$ 32,461,538					
October	\$ 32,461,538					
November	\$ 32,461,538					
December	\$ 32,461,538					



## DISCUSSION SHEET

### ITEM #C6

**Topic:** Board approval of Trustee education and travel

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

**Discussion:**

- a. Per the Education and Travel Policy and Procedure, planned Trustee education and business-related travel and education which does not involve travel requires Board approval prior to attendance.

Attached is a listing of requested future education and travel noting approval status.

- b. Per the Investment Policy Statement, planned Trustee travel related to investment monitoring, and in exceptional cases due diligence, requires Board approval prior to attendance.

There is no future investment-related travel for Trustees at this time.

*Regular Board Meeting – Thursday, August 11, 2022*

**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – August 11, 2022**

ATTENDING APPROVED

**Conference:** NCPERS Public Safety Conference  
**Dates:** October 25-28, 2022  
**Location:** Nashville, TN  
**Est Cost:** \$2,500

**KH 07/14/2022**



## DISCUSSION SHEET

### ITEM #C7

**Topic:** Portfolio Update

**Discussion:** Investment Staff will brief the Board on recent events and current developments with respect to the investment portfolio.

*Regular Board Meeting – Thursday, August 11, 2022*



D A L L A S  
POLICE & FIRE  
PENSION SYSTEM



# Portfolio Update

*August 11<sup>th</sup>, 2022*



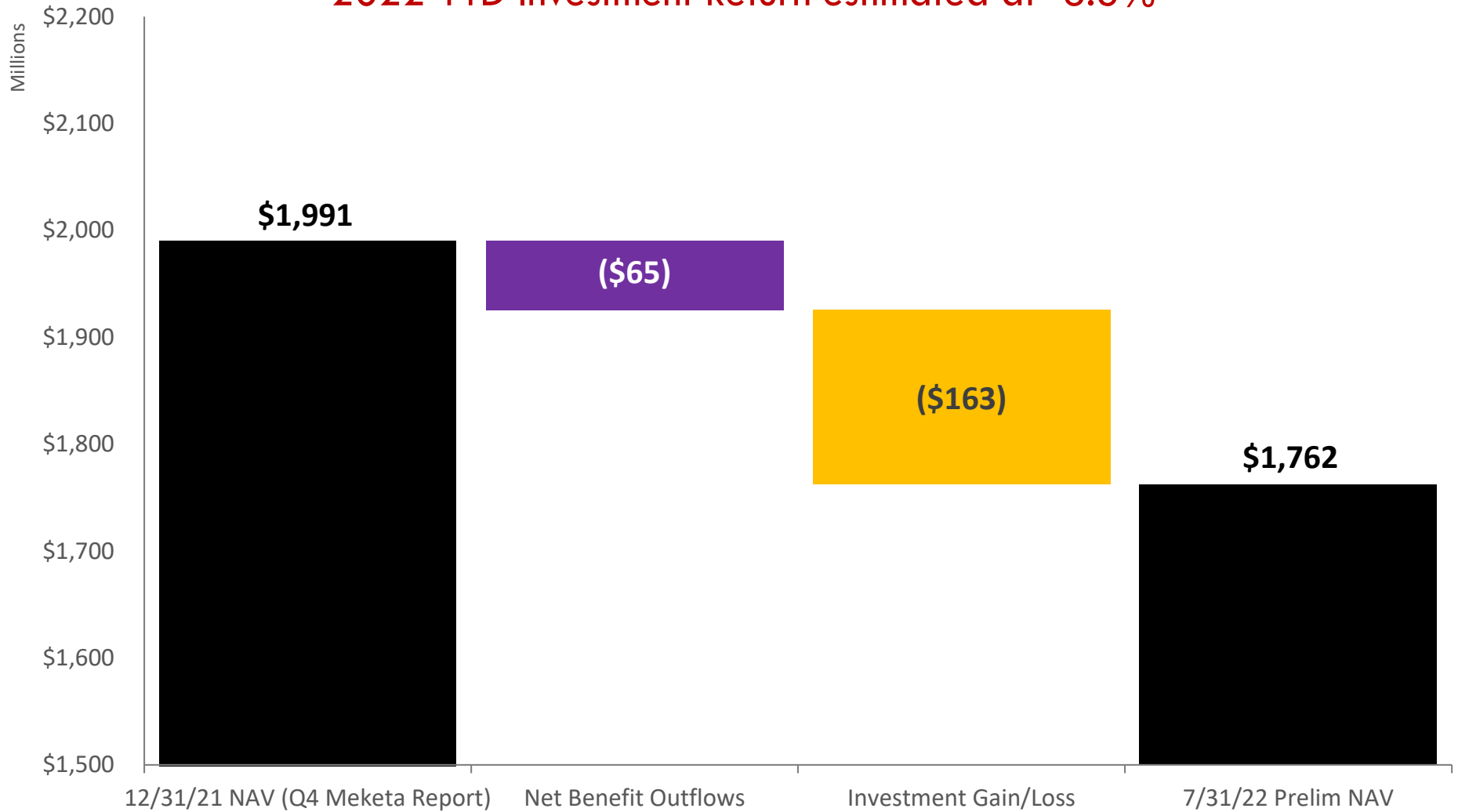
# Executive Summary

- Liquidation of private market assets remains the top focus.
  - \$53.2M in distributions received YTD through July. Another ~\$20M in distributions expected over next few months.
- At the March Board meeting, staff notified the Board that the Safety Reserve would be drawn down to fund net benefit outflows.
- EMD Search: MetLife selected in July. Currently working on contract and expect to fund by end of Q3.
- **Planned Rebalancing:**
  - At the July Board meeting, staff informed Board of the plan to reallocate private market proceeds, as opposed to holding proceeds within the Safety Reserve.
  - DPFP received \$8.3M in proceeds from Huff Alternative Fund in late July.
  - Staff plans to re-deploy the proceeds into Small Cap Equity, with **\$6.3M to Eastern Shore** and **\$2M to Global Alpha**.
- Estimated Year-to-Date Return (as of 7/31/22): -8.3% for DPFP portfolio; -13.1% for Public Markets (ex-Cash) which accounts for 67% of the assets.

# 7/31/22 YTD - Change in Market Value Bridge Chart

*In Millions*

**2022 YTD Investment Return estimated at -8.3%**

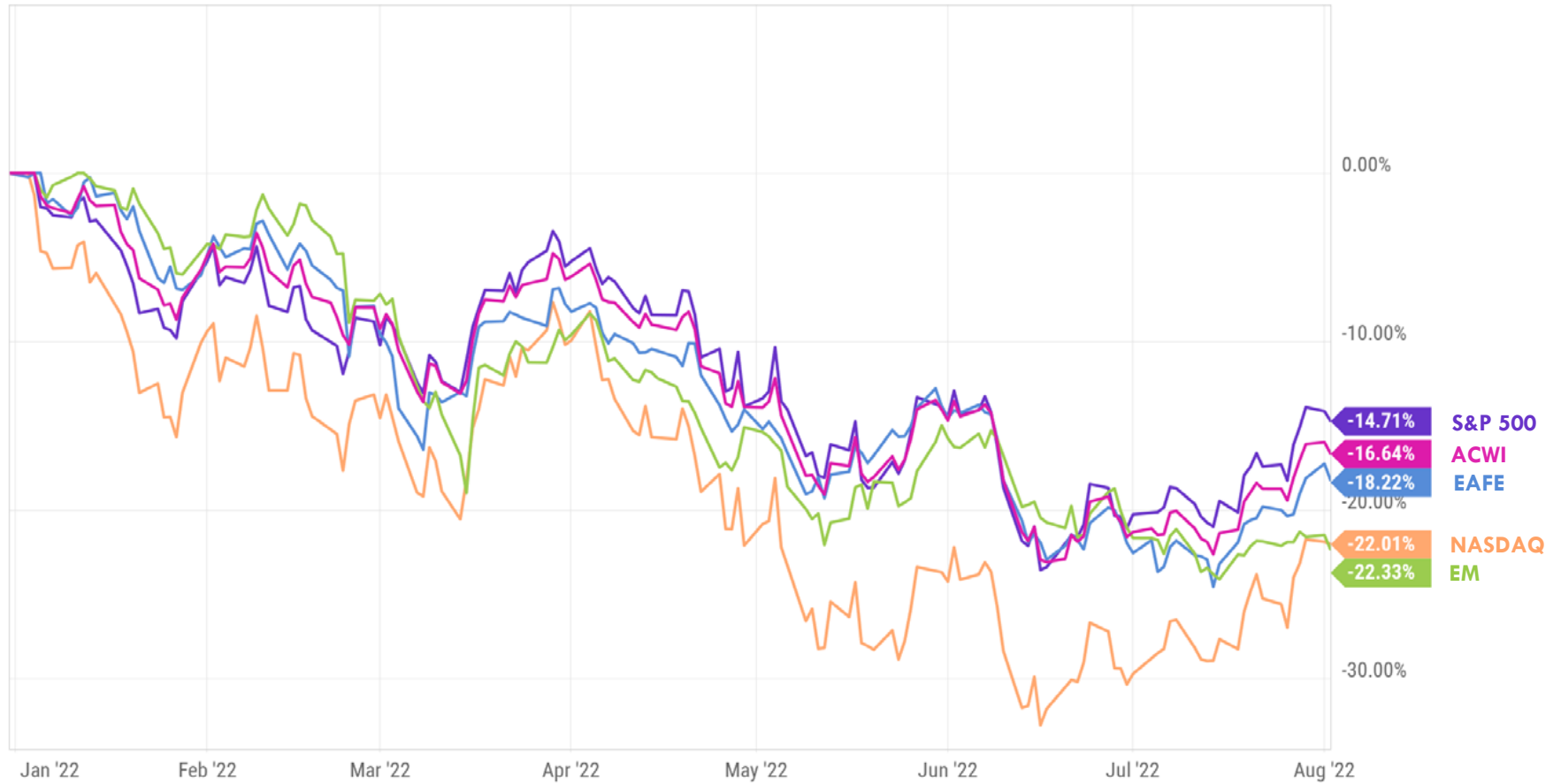


Numbers may not foot due to rounding.

# Equity Market Drawdown

Equity Indices - % Off High YTD (Thru 8/2/22)

- S&P 500 Level % Off High
- Nasdaq Composite Level % Off High
- MSCI EAFE Level % Off High
- MSCI Emerging Markets Level % Off High
- MSCI ACWI IMI Level % Off High

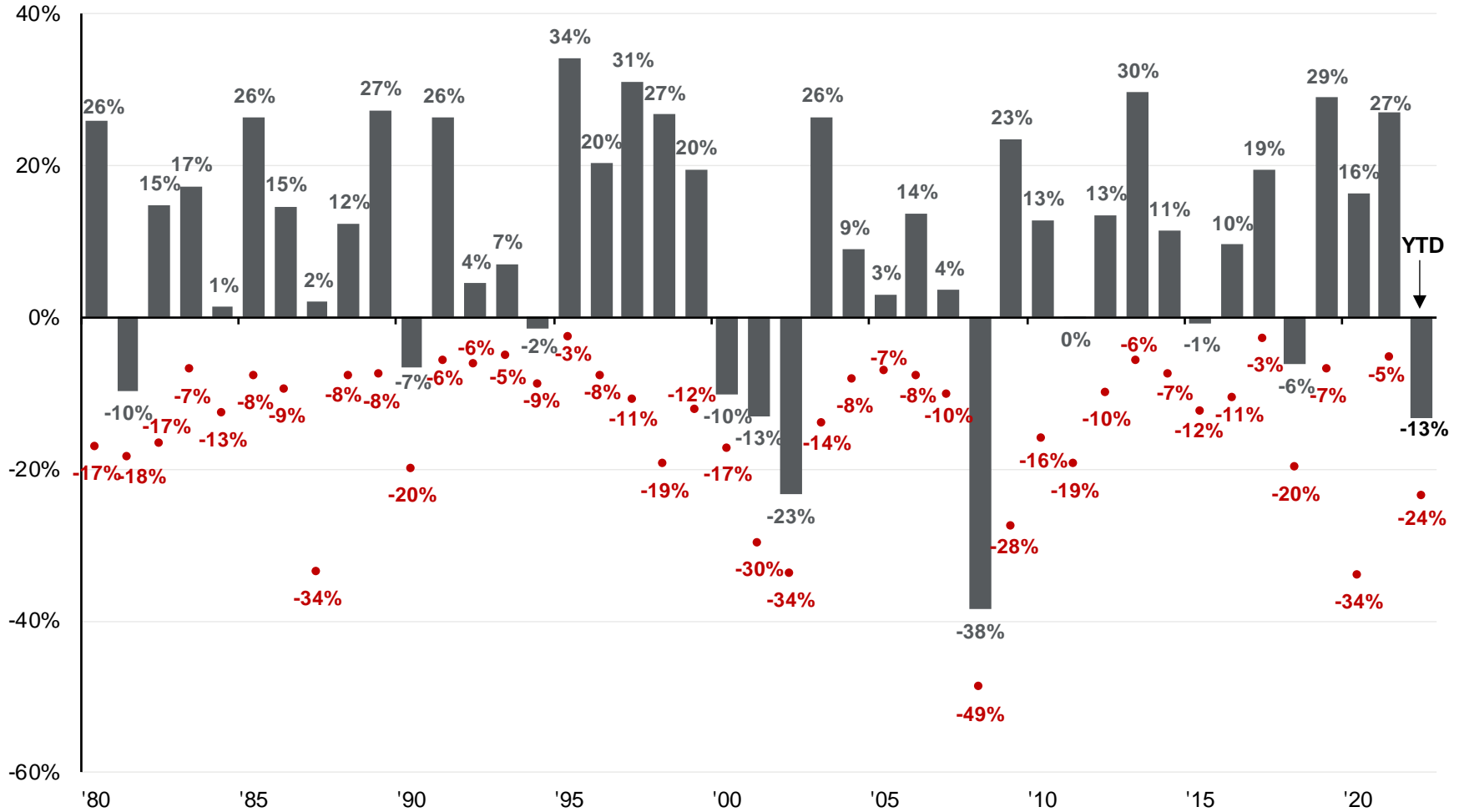


Aug 03 2022, 3:29PM EDT. Powered by YCHARTS

# S&P Intra-Year Declines

## S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.0%, annual returns were positive in 32 of 42 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
 Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2021, over which time period the average annual return was 9.4%.  
 Guide to the Markets – U.S. Data are as of July 31, 2022.

# Public Markets Performance Snapshot - Estimates

Public Markets (ex-Cash) currently make up 67% of DFPF Investment Portfolio.

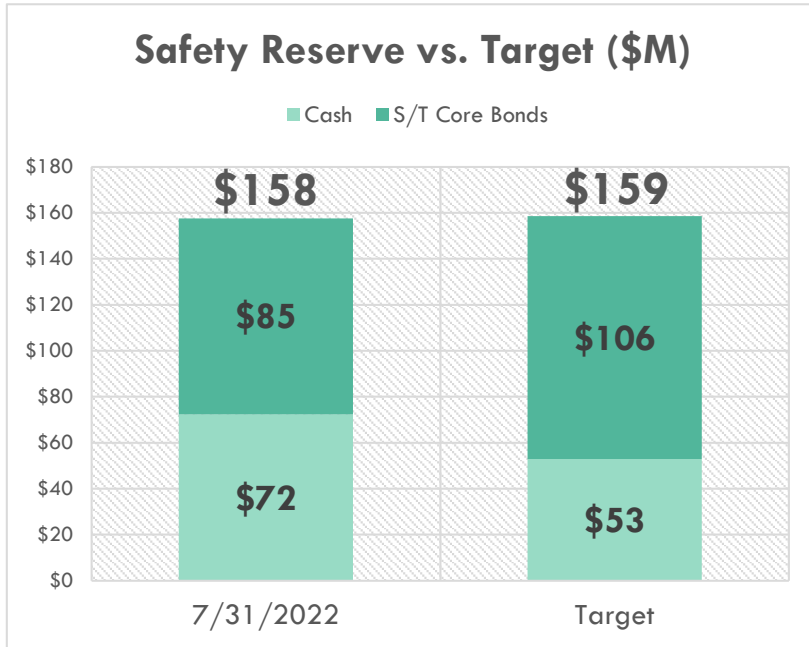
Net of fees	Index	MTD as of 7/31/22			YTD as of 7/31/2022			3 Year Trailing as of 7/31/2022		
		Manager	Index	Excess	Manager	Index	Excess	Manager	Index	Excess
<b>Total Public Portfolio (ex-Cash)</b>	<b>60% ACWI IMI/40% Global AGG</b>	<b>5.0%</b>	<b>5.1%</b>	<b>-0.1%</b>	<b>-13.1%</b>	<b>-13.6%</b>	<b>0.5%</b>	<b>4.7%</b>	<b>3.8%</b>	<b>0.9%</b>
<b>Global Equity</b>	<b>MSCI ACWI IMI</b>	<b>7.2%</b>	<b>7.1%</b>	<b>0.0%</b>	<b>-15.0%</b>	<b>-14.8%</b>	<b>-0.2%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>-0.1%</b>
Boston Partners	MSCI World	5.0%	7.9%	-3.0%	-7.0%	-14.2%	7.2%	9.5%	9.6%	-0.1%
Manulife	MSCI ACWI	4.3%	7.0%	-2.6%	-13.0%	-14.6%	1.7%	7.7%	8.5%	-0.8%
Invesco (OFI)	MSCI ACWI	9.7%	7.0%	2.8%	-24.0%	-14.6%	-9.4%	6.7%	8.5%	-1.9%
Walter Scott	MSCI ACWI	8.7%	7.0%	1.8%	-16.7%	-14.6%	-2.1%	8.6%	8.5%	0.1%
Northern Trust ACWI IMI Index*	MSCI ACWI IMI	7.3%	7.1%	0.1%	-14.4%	-14.8%	0.4%	8.9%	8.3%	0.6%
Eastern Shore US Small Cap*	Russell 2000	10.1%	10.4%	-0.3%	-19.8%	-15.4%	-4.4%	4.7%	7.5%	-2.8%
Global Alpha**	MSCI EAFE Small Cap	6.7%	6.6%	0.1%	-15.3%	-19.7%	4.5%	5.3%	3.5%	1.7%
<b>EM Equity - RBC</b>	<b>MSCI EM IMI</b>	<b>-1.1%</b>	<b>0.1%</b>	<b>-1.2%</b>	<b>-15.3%</b>	<b>-17.6%</b>	<b>2.3%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>-0.1%</b>
<b>Public Fixed Income (ex-Cash)</b>	<b>BBG Multiverse TR</b>	<b>2.2%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>-8.7%</b>	<b>-12.1%</b>	<b>3.4%</b>	<b>-0.6%</b>	<b>-2.4%</b>	<b>1.8%</b>
S/T IG Bonds - IR+M	BBG 1-3YR AGG	0.7%	0.5%	0.2%	-2.4%	-2.6%	0.2%	1.0%	0.4%	0.6%
IG Bonds - Longfellow*	BBG US AGG	2.0%	2.4%	-0.5%	-8.8%	-8.1%	-0.7%	0.0%	-0.2%	0.2%
Bank Loans - Pacific Asset Mgmt.	CS Leveraged Loan	2.3%	3.1%	-0.8%	-2.3%	-2.1%	-0.2%	2.2%	2.6%	-0.3%
High Yield - Loomis Sayles*	BBG USHY 2% Cap	6.1%	5.9%	0.2%	-9.8%	-9.1%	-0.7%	1.2%	1.6%	-0.4%
EM Debt - Ashmore	50% EMBI / 25% ELM / 25% GBI-EM	0.4%	1.3%	-0.9%	-22.1%	-15.4%	-6.8%	-10.6%	-5.7%	-4.9%

Source: JPM Morgan custody data, manager reports, Investment Staff estimates and calculations. Numbers may not foot due to rounding.

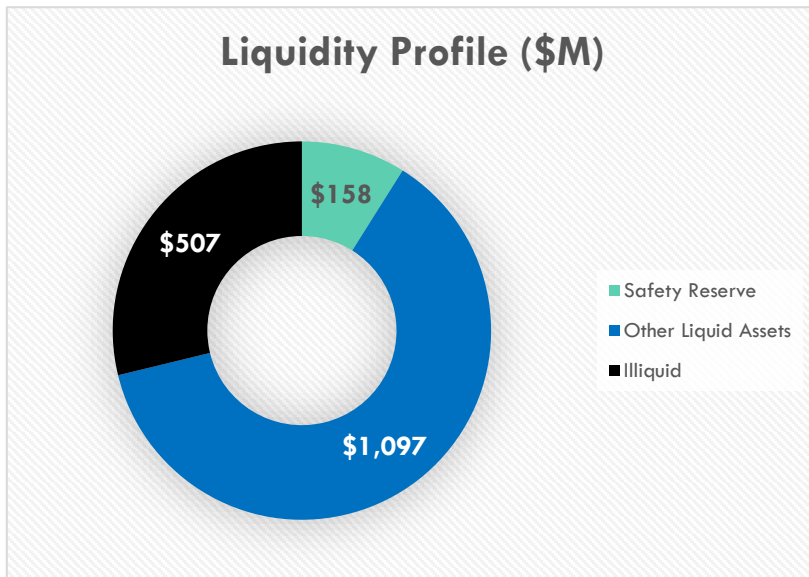
\* - 3 yr trailing performance is based on composite data due to inception date with DFPF being less than 3 years.

\*\* - YTD and 3 yr trailing performance is based on composite data due to inception date with DFPF being June 2022.

# Safety Reserve Dashboard – As of 7/31/22



Projected Net Monthly outflows of **\$9.3M** per month. Safety Reserve of **\$158M** would cover net monthly outflows for next **17 months** or through **December 2023**.

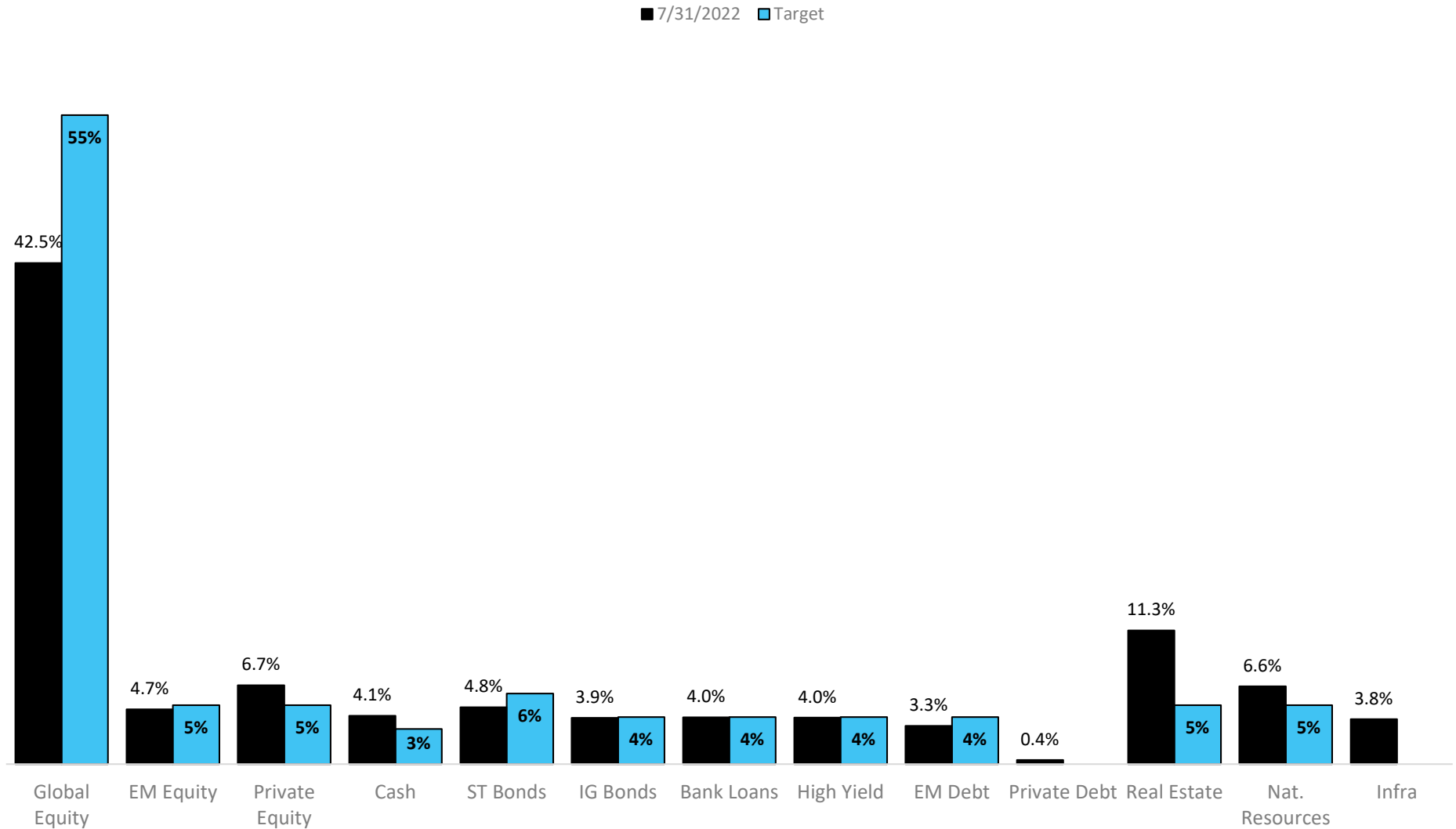


Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	<b>7/31/22</b>		<b>\$71.8</b>	<b>4.1%</b>
City Contribution	8/5/22	\$8.7	\$80.5	4.6%
Public Equity Rebalancing	8/15/22	(\$8.3)	\$72.2	4.1%
City Contribution	8/19/22	\$8.7	\$80.9	4.6%
Pension Payroll	8/29/22	(\$27.5)	\$53.4	3.0%
City Contribution	9/2/22	\$8.7	\$62.1	3.5%
City Contribution	9/16/22	\$8.7	\$70.8	4.0%
Pension Payroll	9/28/22	(\$27.5)	\$43.3	2.5%
City Contribution	9/30/22	\$8.7	\$52.0	3.0%

Projected Cash activity includes expected benefit contributions, payments, and material expected capital calls or expenses.

Numbers may not foot due to rounding

# Asset Allocation – Actual vs Target



# Asset Allocation & Rebalancing Detail (as of 7/31/22)

DPFP Asset Allocation	7/31/2022			Post Rebal. Pro		Post Rebal. Pro		Post Rebal. Pro	
	NAV	%	Rebalancing	Forma Actual NAV	%	Forma Target \$ mil.	%	Forma Variance \$ mil.	%
<b>Equity</b>	<b>948</b>	<b>53.8%</b>	<b>8.3</b>	<b>957</b>	<b>54.3%</b>	<b>1,146</b>	<b>65%</b>	<b>-189</b>	<b>-10.7%</b>
Global Equity	748	42.5%	8.3	757	42.9%	969	55%	-213	-12.1%
<i>Boston Partners</i>	<i>120</i>	<i>6.8%</i>		<i>120</i>	<i>6.8%</i>	<i>141</i>	<i>8%</i>	<i>-21</i>	<i>-1.2%</i>
<i>Manulife</i>	<i>125</i>	<i>7.1%</i>		<i>125</i>	<i>7.1%</i>	<i>141</i>	<i>8%</i>	<i>-16</i>	<i>-0.9%</i>
<i>Invesco (OFI)</i>	<i>130</i>	<i>7.4%</i>		<i>130</i>	<i>7.4%</i>	<i>141</i>	<i>8%</i>	<i>-11</i>	<i>-0.6%</i>
<i>Walter Scott</i>	<i>130</i>	<i>7.4%</i>		<i>130</i>	<i>7.4%</i>	<i>141</i>	<i>8%</i>	<i>-11</i>	<i>-0.6%</i>
<i>Northern Trust ACWI IMI Index</i>	<i>173</i>	<i>9.8%</i>		<i>173</i>	<i>9.8%</i>	<i>264</i>	<i>15%</i>	<i>-91</i>	<i>-5.2%</i>
<i>Eastern Shore US Small Cap</i>	<i>33</i>	<i>1.9%</i>	<i>6.3</i>	<i>39</i>	<i>2.2%</i>	<i>70</i>	<i>4%</i>	<i>-32</i>	<i>-1.8%</i>
<i>Global Alpha Intl Small Cap</i>	<i>38</i>	<i>2.2%</i>	<i>2.0</i>	<i>40</i>	<i>2.3%</i>	<i>70</i>	<i>4%</i>	<i>-30</i>	<i>-1.7%</i>
<i>Russell Transition</i>	<i>0</i>	<i>0.0%</i>		<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0%</i>	<i>0</i>	<i>0.0%</i>
Emerging Markets Equity - RBC	82	4.7%		82	4.7%	88	5%	-6	-0.3%
Private Equity*	118	6.7%		118	6.7%	88	5%	30	1.7%
<b>Fixed Income</b>	<b>431</b>	<b>24.4%</b>	<b>-8.3</b>	<b>422</b>	<b>24.0%</b>	<b>441</b>	<b>25%</b>	<b>-18</b>	<b>-1.0%</b>
Cash	72	4.1%	-8.3	64	3.6%	53	3%	11	0.6%
S/T Investment Grade Bonds - IR+M	85	4.8%		85	4.8%	106	6%	-21	-1.2%
Investment Grade Bonds - Longfellow	69	3.9%		69	3.9%	70	4%	-1	-0.1%
Bank Loans - Pacific Asset Management	70	4.0%		70	4.0%	70	4%	0	0.0%
High Yield Bonds - Loomis Sayles	70	4.0%		70	4.0%	70	4%	-1	0.0%
Emerging Markets Debt - Ashmore	57	3.3%		57	3.3%	70	4%	-13	-0.7%
Private Debt*	6	0.4%		6	0.4%	0	0%	6	0.4%
<b>Real Assets*</b>	<b>383</b>	<b>21.8%</b>		<b>383</b>	<b>21.8%</b>	<b>176</b>	<b>10%</b>	<b>207</b>	<b>11.8%</b>
Real Estate*	200	11.3%		200	11.3%	88	5%	112	6.3%
Natural Resources*	116	6.6%		116	6.6%	88	5%	28	1.6%
Infrastructure*	67	3.8%		67	3.8%	0	0%	67	3.8%
<b>Total</b>	<b>1,762</b>	<b>100.0%</b>	<b>0.0</b>	<b>1,762</b>	<b>100.0%</b>	<b>1,762</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>
Safety Reserve ~\$162M=18 mo net CF	158	8.9%	-8.3	149	8.5%	159	9%	-9	-0.5%
*Private Market Assets	507	28.8%	0.0	507	28.8%	264	15%	243	13.8%

Source: Preliminary JP Morgan Custodial Data, Staff Estimates and Calculations.

Numbers may not foot due to rounding



# Asset Class Returns – JPM Guide to the Markets

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	2007 - 2021	
																Ann.	Vol.
EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 23.5%	Large Cap 10.6%	REITs 23.2%
Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 0.2%	Small Cap 8.7%	EM Equity 22.9%
DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	Fixed Income -8.2%	REITs 7.5%	Small Cap 22.5%
Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Asset Alloc. -10.0%	High Yield 6.6%	Comdty. 19.1%
Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	REITs -12.3%	Asset Alloc. 6.1%	DM Equity 18.9%
Large Cap 5.5%	Comdty. -35.6%	Large Cap 23.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	Large Cap -12.6%	EM Equity 4.8%	Large Cap 16.9%
Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	High Yield -13.5%	DM Equity 4.1%	High Yield 12.2%
High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	DM Equity -15.2%	Fixed Income 4.1%	Asset Alloc. 11.7%
Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -15.4%	Cash 0.8%	Fixed Income 3.3%
REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	EM Equity -17.6%	Comdty. -2.6%	Cash 0.7%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg US Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2006 to 12/31/2021. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of July 31, 2022.



# 2022 Board Investment Review Plan\*

*Staff presentations targeted for 15 minutes, Manager presentations 30 – 60 minutes.*

August	<ul style="list-style-type: none"> <li>• Infrastructure: Staff review of AIRRO and JPM Maritime</li> </ul>
September	<ul style="list-style-type: none"> <li>• Staff review of Public Fixed Income managers</li> </ul>
October	<ul style="list-style-type: none"> <li>• Staff review of Public Equity managers</li> </ul>
November	<ul style="list-style-type: none"> <li>• Staff review of Private Equity and Debt</li> </ul>

\*Presentation schedule is subject to change.



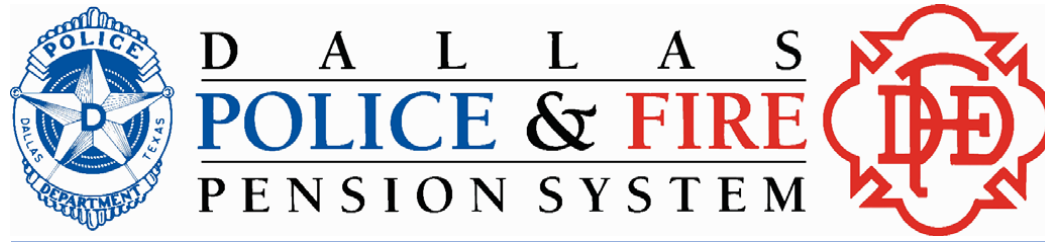
## DISCUSSION SHEET

### ITEM #C8

**Topic:**                    **Infrastructure Portfolio Review**

**Discussion:**            Staff will provide an overview of the three funds which comprise the infrastructure asset class: the Global Maritime Investment Fund managed by JPMorgan Asset Management, and the Asian Infrastructure and Related Resources Opportunity funds I and II, both managed by The Rohatyn Group.

*Regular Board Meeting – Thursday, August 11, 2022*



# Infrastructure Portfolio Review

---

August 11, 2022

## Infrastructure Portfolio Overview

- The infrastructure portfolio is in wind-down. The current allocation represents 3.9% of plan assets with a long-term target allocation of 0%.
- The remaining portfolio is comprised of investments in funds that have assets in global shipping and various projects in India, including wind power, thermal power, toll roads, and hospitals.
- Staff estimates it may take until the end of 2023 for the funds to fully liquidate.
- As of Q1, the portfolio valuation is up just under 40% YOY, with the Maritime fund comprising essentially all of the gains due to improved global trade and market conditions post-COVID.

<i>as of 07/31/2022</i>	\$ millions	Weight
<b>Infrastructure</b>	<b>\$67.2</b>	<b>3.9%</b>
JPM Global Maritime Investment Fund	\$45.9	2.7%
TRG Asian Infrastructure (AIRRO)	\$17.0	1.0%
TRG Asian Infrastructure II (AIRRO II)	\$4.3	0.2%

## JPMorgan Global Maritime Investment Fund

J.P.Morgan  
Asset Management

Asset Class:	Infrastructure	Vintage Year:	2009
Investment Period / Fund Term End Dates:	Dec 2014/Dec 2022 (extended 2yrs)	Total Fund Size:	\$780M
Management Fee:	1.50% on capital called for investments and fund expenses, reduced by 5% in 2021 and 10% thereafter	DPPF Commitment:	\$50M
Performance Fee/Carry:	80/20 split with 12% pref	DPPF % of Fund:	6.4%

### Investment Performance (In Millions) \* - As of 12/31/2021

Paid In Capital	Unfunded Commitment	DPPF Distributions	NAV	Since Inception IRR*	TVPI	DPI
\$48.6	\$1.4	\$10.1	<b>\$45.9</b>	1.79%	1.15	.21

### Fund Strategy / Portfolio

- Private capital investment in the shipping industry with a 50-vessel fleet of bulkers (31), container ships (12), car carriers (4), and tankers (2) along with one heavy lift vessel. The focus now is on fleet charters and disposition opportunities.
- Charter rates, vessel prices, and vessel sales drive performance. All were disrupted by the COVID pandemic in 2020, but have shown varying degrees of improvement post-COVID, resulting in a valuation increase of 76% YOY vs Q1 2021.

### Strategic Plan / Timeline

- JPM expects to monetize remaining assets by Q2 2023.
- Although the fund term ends in December 2022, dramatically improved market conditions and higher charter rates had made it advantageous to charter and operate the ships vs. selling them in 2020/2021.
- The fund sold 7 vessels YTD and made a cash distribution of approximately \$3.8 million to DPPF in Q2 2022. Another distribution is expected in September 2022 as additional sales are completed.



## TRG Asian Infrastructure (AIRRO)



Asset Class:	Infrastructure	Vintage Year:	2008			
Investment Period / Fund Term End Dates:	Jan 2014 / Jan 2024 (extended 4yrs)	Total Fund Size:	\$858M			
Management Fee:	2021 – 1.5% on invested capital 2022 – 1.46% on invested capital	DPPF Commitment:	\$37M			
Performance Fee/Carry:	80/20 split with 8% pref	DPPF % of Fund:	4.3%			
<b>Investment Performance (In Millions)</b>			<b>* - As of 12/31/2021</b>			
<b>Paid In Capital</b>	<b>Unfunded Commitment</b>	<b>DPPF Distributions</b>	<b>NAV</b>	<b>Since Inception IRR*</b>	<b>TVPI</b>	<b>DPI</b>
\$38.2	\$2.1	\$17.9	\$17.0	-1.24%	0.91	0.47
<b>Fund Strategy / Portfolio</b>						
<ul style="list-style-type: none"> <li>The Fund invested in both operating and development infrastructure projects and related investments across Asia.</li> <li>Six remaining investments are all located in India and include toll roads, hospitals, wind power, and thermal energy.</li> <li>JPMorgan was the original fund sponsor but facilitated a GP transfer to The Rohatyn Group (TRG) in May 2018.</li> <li>All portfolio companies are now operating at or near pre-COVID levels, with revenue and EPS growth generally in line with budgets and overall GDP growth. Forward risks include inflation (higher commodity prices), effects from the Ukraine war, and slower economic growth.</li> </ul>						
<b>Strategic Plan / Timeline</b>						
<ul style="list-style-type: none"> <li>TRG successfully secured critical refinancing on several projects during 2019. However, most of the assets still face regulatory or financial hurdles to monetization. GP has communicated exits are expected to take two years.</li> <li>In light of the projected exit timeline, the fund was extended an additional 2 years to 2024 with some fee concessions.</li> <li>TRG continues to execute strategic initiatives at the portfolio companies in order to improve their positioning as attractive candidates for third-party purchasers.</li> </ul>						





## TRG Asian Infrastructure II (AIRRO II)

THE  
ROHATYN  
GROUP

Asset Class:	Infrastructure	Vintage Year:	2013
Investment Period / Fund Term End Dates:	May 2017 / Jan 2025	Total Fund Size:	\$468.8M
Management Fee:	0% - waived for life of fund	DPPF Commitment:	\$10M, reduced from original \$40M
Performance Fee/Carry:	80/20 split with 8% pref	DPPF % of Fund:	7.89%

### Investment Performance (In Millions)

\* - As of 12/31/21

Paid In Capital	Unfunded Commitment	DPPF Distributions	NAV	Since Inception IRR*	TVPI	DPI
\$7.3	\$2.3	\$0.06	\$4.3	-6.52%	0.59	0.01

### Fund Strategy / Portfolio

- Originally formed as follow-on to AIRRO I, the Fund investment period was terminated early in May 2017 due to a determination that there was a lack of acceptable investment opportunities. The Fund reduced investors' commitments by 75% upon termination of the investment period in mid-2017.
- AIRRO II holds only one company, a power company with an operating asset and a development asset, that is co-owned with the AIRRO fund.
- JPMorgan was the original fund sponsor but facilitated a GP transfer to The Rohatyn Group (TRG) in May 2018.
- Valuation increased approximately 5% YOY vs Q1 2021 due to operating performance well above budget, mainly driven by higher margins due to low coal prices the company locked in 2021.

### Strategic Plan / Timeline

- The operating plant performed extremely well in Q2 2022, achieving above budget improvements in utilization and operating metrics. This was driven by higher demand and lower secured coal prices.
- The development asset has been on hold due to market conditions, but refinanced debt facilities out to 2025 in Q1 of this year. The market for long term PPAs (Power Purchase Agreements) – critical for this asset – has also shown improvement.







## **DISCUSSION SHEET**

### **ITEM #C9**

**Topic:**                    **Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

**Discussion:**            Counsel will brief the Board on these issues.

*Regular Board Meeting – Thursday, August 11, 2022*



## DISCUSSION SHEET

### ITEM #C10

**Topic:** Recognition of outgoing Trustees

**Discussion:** The terms of Robert French (3 years of service as a Trustee), Gilbert Garcia (5 years of service as a Trustee) and Tina Hernandez Patterson (5 years of service as a Trustee) are expiring and their successors are set to begin their terms as Trustees September 1.

Staff and the Board would like to thank each Trustee for their service to the Board and the members.

*Regular Board Meeting – Thursday, August 11, 2022*



## DISCUSSION SHEET

### ITEM #D1

**Topic:** Public Comment

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

*Regular Board Meeting – Thursday, August 11, 2022*



## DISCUSSION SHEET

### ITEM #D2

**Topic:** Executive Director's report

- a. Associations' newsletters
  - NCPERS Monitor (August 2022)
- b. Open Records
- c. Employee Service Awards
- d. Employee Update

**Discussion:** The Executive Director will brief the Board regarding the above information.

*Regular Board Meeting – Thursday, August 11, 2022*

THE NCPERS

# MONITOR

The Latest in Legislative News

August 2022

## In This Issue

### 2 House-Senate Negotiations on HELPS



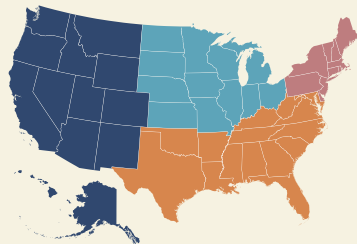
Throughout the Congressional process on the SECURE Act 2.0, NCPERS and many of its members have collaborated on an effort to improve the Healthcare Enhancement for Local Public Safety Act, known as HELPS.

### 3 Executive Directors Corner



A year-long crusade to undermine confidence in Pennsylvania's teachers pension system came to a screeching halt on August 2 with a brief, 24-word admission.

### 4 Around the Regions



This month, we will highlight Delaware, Virginia, Ohio, Louisiana and Hawaii.

## NCPERS Offers a Shortcut as Surge in Smartphone Usage Sparks Need for Mobile Platforms



**Y**ou only need to look around to know that people are constantly on their mobile devices nowadays. And they're not just texting friends or accessing their favorite social media platform. Increasingly consumers are tracking and managing their financial lives on the go, and they overwhelmingly choose smartphones for utility, ease of use, and efficiency.

It's not just young people who are shifting to smartphones. A staggering 97 percent of Americans owned some type of mobile phone in 2021 – and that includes 85 percent who owned a smartphone, up from 35 percent a decade earlier, according to a [fact sheet](#) by the Pew Research Center. The data showed that smartphone users are now in the majority across all age ranges: 18 to 29 (96 percent), 30 to 49 (95 percent), 50 to 64 (83 percent) and over 65 (61 percent.)

Pew also examined 15 demographic groupings other than age – broadly, sex, race, education, income, and geography – and not a single one had less than 75 percent smartphone usage.

[CONTINUED ON PAGE 5](#)

# House-Senate Negotiations on HELPS

By Tony Roda



Photo Illustration © 2022, Adam/Anon

**M**ajor retirement tax legislation working its way through Congress is commonly known as the SECURE Act 2.0. The original SECURE Act was enacted at the end of 2019. Now that versions of the SECURE Act 2.0 have been approved by the full House (H.R. 2954) and both committees of jurisdiction in the Senate – the Finance Committee and the Committee on Health, Education, Labor, and Pensions (HELP) – negotiations have begun in earnest on reconciling the differences between the various legislation. The goal is to move quickly through this process and have a final, agreed-upon text ready to be voted on in the fall.

Throughout the Congressional process on the SECURE Act 2.0, NCPERS and many of its members have collaborated on an effort to improve the Healthcare Enhancement for Local Public Safety Act, known as HELPS. This part of the existing tax law, which is found at Internal Revenue Code Section 402(l), allows eligible retired public safety officers to exclude from gross income up to \$3,000 in annual distributions from a governmental retirement plan to pay qualified health care insurance or long-term care premiums, provided the payment of premiums is made directly by the retirement plan to the provider of the health or long-term care plan. HELPS was enacted as part of the Pension Protection Act of 2006.

The direct payment requirement has created many administrative difficulties for state and local retirement systems. In addition, due to this burden, some retirement systems have made the decision to not implement HELPS, thereby resulting in retired public safety officers covered by these pension plans being ineligible for the tax benefit.

Senators Sherrod Brown (D-OH), John Thune (R-SD), Mark Warner (D-VA), and Chuck Grassley (R-IA), all of whom serve on the Finance Committee, previously introduced S. 4312, which would change the direct payment requirement under HELPS from mandatory to optional and create an alternative to the current method, namely allowing the retirement system to make the distribution to the retired public safety officer. The retiree could then make the premium payment to the provider and remain eligible for the tax exclusion.

This provision is included in the version of the SECURE Act 2.0 approved by the Finance Committee. Leading up to consideration of the bill in the Senate, NCPERS met with the lead pension counsels of the Finance, HELP, and Aging Committees. Now, because the House-Senate negotiations are in full swing, NCPERS

[CONTINUED ON PAGE 6](#)





## Pennsylvania Teachers Pension Investigation Comes to a Halt with No Charges Forthcoming

A year-long crusade to undermine confidence in Pennsylvania's teachers pension system came to a screeching halt on August 2 with a brief, 24-word admission:

“The Public School Employees’ Retirement System (PSERS) has been informed by the U.S. Department of Justice that it has closed its investigation of PSERS.”

No charges, civil or criminal, are forthcoming, despite endless speculation driven by one single reporter at the *Philadelphia Inquirer* and fueled by unscrupulous leakers inside PSERS who fed him their spin.

This development comes six months after an internal investigation ordered by PSERS and conducted by the law firm Womble Bond Dickinson was closed because it also found no evidence of wrongdoing.

Seldom has so much ink been spilled by one newspaper for so little reason.

It all began with a shared risk calculation error that occurred in late 2020. The board of PSERS in March 2021 uncovered and corrected a calculation error on an investment return for a single month (April 2015). The tweak resulted in a decline in the nine-year average return from the previously reported 6.38 percent to 6.34 percent, versus a benchmark of 6.36 percent.



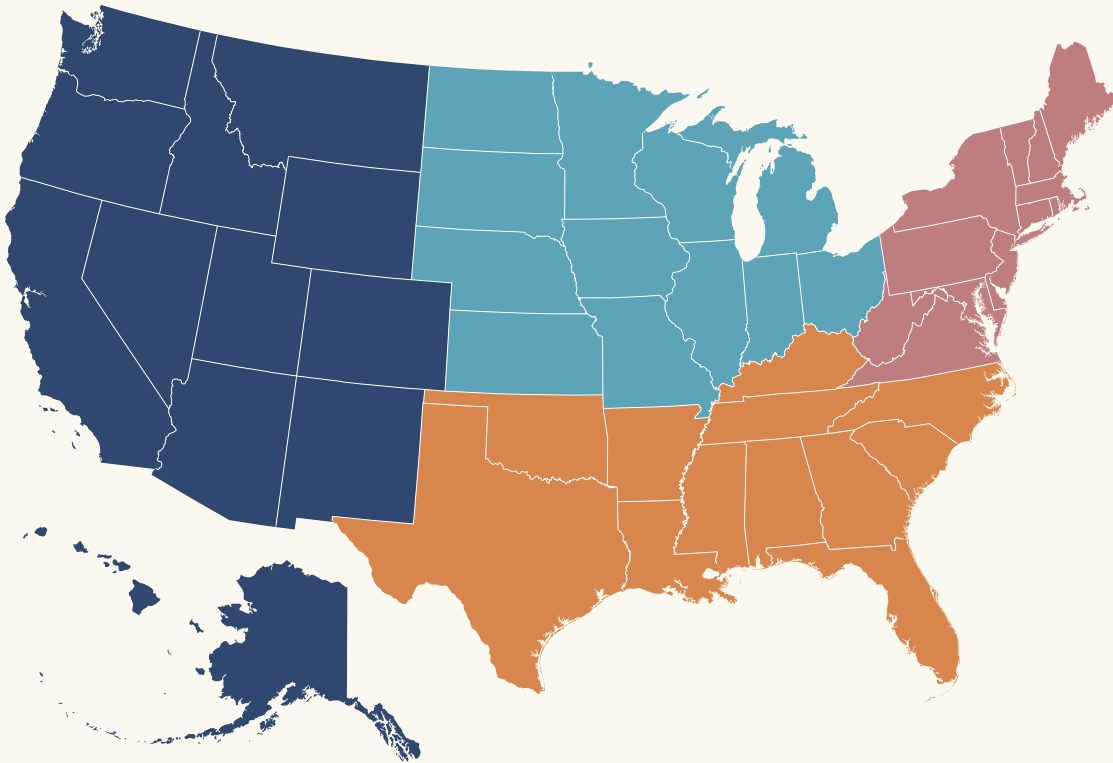
Photo Illustration © 2021, iStock.com

*Seldom has so much ink been spilled by one newspaper for so little reason.*

An error is no laughing matter, especially when measured against what was at the time a \$64 billion fund. (Outstanding investment performance subsequently helped to lift assets to \$75 billion at the end of 2021.) But miscalculations can and do occur, and that

[CONTINUED ON PAGE 7](#)

This month, we will highlight Delaware, Virginia, Ohio, Louisiana and Hawaii.



## NORTHEAST: Delaware



The push by states to make workplace retirement savings plans universally available took a major step forward in Delaware.

The state Senate on June 21 voted unanimously to approve legislation to create Delaware EARNs, an auto-IRA program for private-sector workers. As of early August, the legislation was awaiting the signature of Governor

John Carney, a Democrat.

“I am thankful that members of the General Assembly joined me in wanting to make sure every Delawarean has a reliable way to save for retirement,” said State Treasurer Colleen Davis, who advocated the initiative. “More than half of the state’s workforce lacks an easy way to save through a retirement program at work,” she said.

“Not only will Delaware EARNs help those employees save for the future, it also benefits small businesses that may not be able to offer retirement plans to employees due to the cost and administrative burden, allowing them to attract and keep good employees by offering a crucial benefit like retirement savings,” Davis said.

In all, 54 percent Delaware’s workplaces do not offer a retirement plan, leaving 145,000 workers vulnerable to poverty in retirement, according to the legislation, House Bill 205. That equates to 38 percent of the workforce, and that figure is tilted disproportionately toward lower- to moderate-income women and minority workers.

Delaware EARNs requires businesses with more than five employees that don’t currently offer a retirement plan to participate through a payroll deduction process. The State Treasurer’s Office, with the oversight of the Plans Management Board, will handle all duties and functions of the plan once initial design and implementation are complete.

[CONTINUED ON PAGE 8](#)



**NEED FOR MOBILE PLATFORMS CONTINUED FROM PAGE 1**

The unstoppable trend toward mobility and self-service is why NCPERS has teamed up with the premier digital platform for public pensions. Members have said they need a streamlined way to cross the digital divide, and a new strategic alliance with [Digital Deployment](#) delivers it. The partnership between NCPERS and Digital Deployment makes the company's [PensionX™](#) digital platform available to NCPERS members at a 10 percent discount.

The alliance culminates a multiyear search that led NCPERS to engage and review numerous mobile apps developers. PensionX™ stood out because it integrates seamlessly with pension administration systems. It also includes a robust suite of tools that plans can leverage to create a compelling user experience, including website and member portal development and secure file upload capability.

NCPERS Executive Director and Counsel Hank Kim says the need is urgent. "Americans clearly have a growing preference for managing their finances via digital and mobile platforms rather than the web. Yet public pension plans have been slow to offer mobile access." He noted that as of December 2021, 71 percent of public pension systems provided account information to members via a website, but only 7 percent were offering access through a

mobile app, according to the [2021 NCPERS Public Retirement Systems Study](#).

"Public pensions are conspicuous by our absence on the mobile platform," Kim added. "Other financial institutions have had mobile apps for at least the past 10 years. In our fast-paced, technologically driven world, pension plans have no time to lose. The longer we take to adapt to the mobile marketplace, the more we validate our critics who say pensions are dinosaurs and irrelevant."

PensionX™ was designed to meet the needs of public pension systems that want to deliver better member self-service without going through the time, expense, and ordeal of a major pension administration system overhaul, said [Sandeep Mehta](#), CTO at Digital Deployment. "Our complete, front-end pension platform provides all the necessary tools, enabling pension systems to transform their growing array of portals, apps, and websites into a convenient format."

NCPERS members interested in learning more about Digital Deployment, Pension X™ and leveraging the exclusive member discount can visit <https://www.pensionx.com/products>. NCPERS will be hosting a webinar on the digital platform September 12. Look for the webinar details in the coming weeks. ♦



**NEGOTIATIONS ON HELPS CONTINUED FROM PAGE 2**

is meeting with the lead pension counsels of the House committees of jurisdiction – the Ways and Means Committee and the Education and Labor Committee – as well as with Speaker Nancy Pelosi’s (D-CA) staff. We are encouraging the House to retain the Senate provision in the final negotiated bill.

For NCPERS members who are interested and supportive of the pending change to the HELPS direct payment requirement, we encourage you to contact your House Representative in Congress. If you are not sure which Member of the House represents you, the easiest way to find out is through [House.gov](https://www.house.gov). In the upper right corner, there is a “Find Your Representative” section where you enter your zip code. It will match the zip code with your Member of Congress and provide a link to their website with contact information.

If you would like to send an email to the office, you can paraphrase the following:

*I am writing today to bring to your attention a provision contained in the Senate Finance Committee’s SECURE Act 2.0 legislation (also known as the EARN Act).*

*The provision, Section 3(4) of the EARN Act, would improve the Healthcare Enhancement for Local Public Safety Act (HELPS), which allows eligible retired public safety officers to exclude from gross income up to \$3,000 in annual distributions from a governmental retirement plan to pay qualified health care insurance or long-term care premiums, provided the payment of premiums is made directly by the retirement plan to the provider of the health or long-term care plan.*

*The direct payment requirement has created many administrative difficulties for state and local retirement*

*systems. In addition, due to the administrative burden, some retirement systems have made the decision to not implement HELPS, thereby resulting in retired public safety officers covered by these pension plans being ineligible for the tax benefit.*

*The EARN Act would change the direct payment requirement under HELPS from mandatory to optional and create an alternative to the current method, namely allowing the retirement system to make the distribution to the retired public safety officer. The retiree could then make the premium payment to the provider and remain eligible for the tax exclusion.*

*I would appreciate any help you could provide in ensuring that this provision is retained in the final SECURE Act 2.0 legislation negotiated by the House and Senate. ♦*

**Tony Roda** is a partner at the Washington, D.C. law and lobbying firm **Williams & Jensen**, where he specializes in federal legislative, regulatory, and fiduciary matters affecting state and local governmental pension plans. He represents NCPERS and statewide, county, and municipal pension plans in California, Colorado, Georgia, Kentucky, Ohio, Tennessee, and Texas. He has an undergraduate degree in government and politics from the University of Maryland, J.D. from the Catholic University of America, and LL.M (tax law) from the Georgetown University Law Center.



# NCPERS Accredited Fiduciary (NAF) Program

A trustee accreditation program specifically designed and tailored for public pension governance.

**FALL CLASS**  
OCTOBER 22 – 23 | NASHVILLE, TN

**EXECUTIVE DIRECTORS CORNER CONTINUED FROM PAGE 3**

doesn't mean that anything nefarious is going on. Competent organizations and their service providers can make mistakes. When they discover them, they do precisely what PSERS did: They correct their errors, publicly and plainly. And they investigate.

The internal investigation conducted independently by Womble Bond also included a review of certain Harrisburg real estate purchases by PSERS that were brought under the *Philadelphia Inquirer's* microscope. The firm found nothing of concern there either.

The media coverage of this non-story has consistently generated far more heat than light. It has ended the careers of at least two pension executives, for what turns out to be no good reason.

It's hard to imagine what was going through the minds of the irresponsible fiduciaries who provided anonymous tips and documents to their buddy at the *Inquirer*. We may never know

whether they were pursuing personal ambitions or prosecuting a vendetta. But the entire public pension community now knows that plan fiduciaries committed a serious breach of duty while hiding behind the cloak of anonymity. This behavior was shameful.

In its wake, every public pension board in the country should be conducting its own plan governance training. One way to do this is by registering the board and staff for the [NCPERS Accredited Fiduciary program](#), which provides a thorough training on plan governance including the three duties of a fiduciary: the duty of care, duty of loyalty, and the duty of obedience.

The *Philadelphia Inquirer* hasn't quite let go of the matter, however. Its article on the Justice Department's decision to close the investigation dwelled at length on the fact that a third investigation, conducted by the Securities and Exchange Commission, remains open.

We eagerly await the outcome. ♦

# Don't Miss NCPERS' Social Media



The image features a hand holding a tablet computer. In the background, there is a glowing globe and various social media icons including Facebook, Twitter, LinkedIn, YouTube, and RSS. The NCPERS logo is visible at the bottom right of the graphic, with the tagline "The Voice for Public Pensions" below it.

## NCPERS

## Around the Regions

[AROUND THE REGIONS CONTINUED FROM PAGE 4](#)

## MIDWEST: Ohio



A federal judge in California on July 28 appointed the Ohio Public Employees Retirement System to serve as the lead plaintiff in a class action lawsuit against Facebook. As a result, Ohio Attorney General Dave Yost will lead the class action on behalf of Ohio and any other affected investors.

The decision by Judge Jon S. Tigar in U.S. District Court of Northern California wrote that Ohio and PFA Pension of Denmark would serve as co-lead plaintiffs because they have the largest financial interest in the outcome.

Ohio's complaint against the company, now called Meta, contends that, from April 21 through October 21 of last year, Facebook and its senior executives violated federal securities laws by purposely misleading the public about the negative effects its products have on the health and well-being of children and the steps the company has taken to protect the public. OPERS has reported that it purchased 139,000 shares between May and September 2021.

Revelations about the alleged scheme subsequently caused Facebook's stock to plummet, causing around \$3 million in losses to OPERS. OPERS manages \$125 billion on behalf of 1.1 million Ohioans.

"This case is about lies and losses – Facebook's lies, and the losses incurred by our pension systems and others," Yost said. "Ohio is happy and determined to lead in enforcing accountability against Facebook."

## SOUTH: Louisiana



Two pro-public pension measures became law in Louisiana. The state legislature authorized a one-time supplemental benefit payment for eligible retirees and beneficiaries of the Louisiana State Employees' Retirement System (LASERS) and expanded eligibility for the system's Hazardous Duty Services Plan.

Governor John Bel Edwards, a Democrat, signed the supplemental benefit bill into law on June 18, after it passed unanimously in both the House and the Senate. The amount to be paid is the lesser of the retiree or beneficiary's current monthly benefit, or \$2,000. LASERS retirees have not received a cost-of-living adjustment since 2016. The law stipulates that the payment is to be made no later than September 15.

The one-time benefit goes to retirees, other than disability retirees, who were at least age 60 and had received a benefit for at least a year as of June 30, 2022; to nonretired beneficiaries, if benefits have been paid to the retiree who was not a disability retiree or the beneficiary or both combined for at least one year and if the decedent would have been at least 60 on June 30; and any disability retiree or beneficiary who receives benefits based on the death of a disability retiree, if benefits have been paid to the retiree or the beneficiary or both combined for at least one year on June 30.

In addition, the legislature approved expanded the LASERS Hazardous Duty Services Plan to include employees of the Office of the State Fire Marshall who are Firefighter I certified emergency workers, or who conduct fire and emergency training. This measure, which passed unanimously in both chambers, was signed into law by Governor Edwards on June 30.

[CONTINUED ON PAGE 9](#)

**NCPERS**

**Around the Regions**

AROUND THE REGIONS CONTINUED FROM PAGE 8

**WEST:  
Hawaii**



Hawaii Governor’s, Democrat David Ige, on July 12 signed legislation to create a state-run program to extend retirement savings opportunities via payroll deduction to private-sector workers who lack such benefits at work. But in a twist, the Hawaii Retirement Savings Program won’t include an auto-enrollment.

The creation of an opt-in program runs counter to a trend among states to help more private-sector workers prepare for retirement. As of June 30, 11 states had created auto-IRA programs, according to the Georgetown University Center for Retirement Initiatives.

The Center described the program as “a first-of-its-kind variation of a pure auto-IRA program because employers are only required to participate in the program if their workers opt into the state program.”

In another unusual feature, Hawaii would match up to \$500 for each of the first 50,000 covered employees who participate in the program and stick with it for 12 consecutive months after initial enrollment. The law sets a default contribution amount of 5 percent to be deducted from payroll of participating employees.

The plan creates a nine-member retirement savings board within the state Department of Labor and Industrial Relations to implement and administer the program. The law provides that the program would utilize Roth IRAs, which enable workers pay taxes on contributions now and get tax-free withdrawals later, but provides that the board may add the option of a traditional IRA, which enable workers to defer taxation until funds are withdrawn. ♦

# 2022 PUBLIC SAFETY CONFERENCE NASHVILLE

★ T E N N E S S E E ★

**SHERATON GRAND NASHVILLE DOWNTOWN**

**OCTOBER 23 - 26**



**Register by September 30 for Early-Bird Registration Rates.**





## Calendar of Events 2022

### August

**Public Pension Funding Forum**  
August 21 - 23  
Los Angeles, CA

### October

**NCPERS Accredited Fiduciary (NAF) Program**  
October 22 - 23  
Nashville, TN

**Public Safety Conference**  
October 23 - 26  
Nashville, TN

## 2022-2023 Officers

**Kathy Harrell**  
*President*

**Dale Chase**  
*First Vice President*

**James Lemonda**  
*Second Vice President*

**Carol G. Stukes-Baylor**  
*Secretary*

**Will Pryor**  
*Treasurer*

**Daniel Fortuna**  
*Immediate Past President*

## Executive Board Members

**Dan Givens**  
*Florida*

**David Harer**  
*Alabama*

**Michael Linynsky**  
*Maryland*

**David Kazansky**  
*New York*

**Sherry Mose**  
*Texas*

**John Neal**  
*Arkansas*

**Frank Ramagnano**  
*Canada*

**Tom Ross**  
*Massachusetts*

**Ralph Sicuro**  
*Pennsylvania*

**Ginger Sigler**  
*Oklahoma*

Photo Illustration © 2022, Shutterstock.com



*The Voice for Public Pensions*

The Monitor is published by the National Conference on Public Employee Retirement Systems.  
Website: [www.NCPERS.org](http://www.NCPERS.org) • E-mail: [info@ncpers.org](mailto:info@ncpers.org)