

AGENDA



Date: May 7, 2021

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 13, 2021, 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/88627001471?pwd=L0ZVNnJkeVbVUGVERG9yVSs5NnFkZz09> Passcode: 479945.** 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

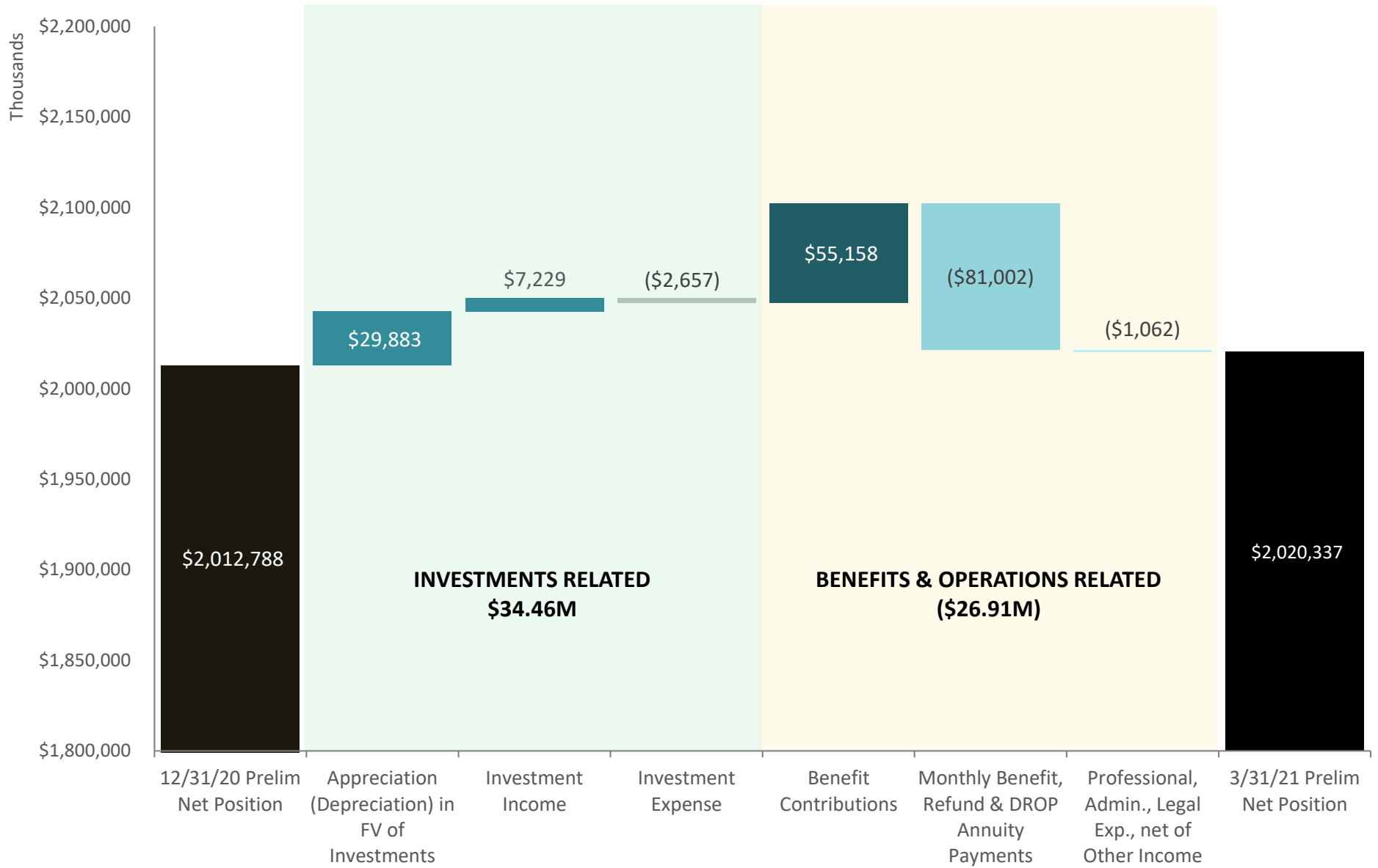
Discussion:

- a. The Chief Financial Officer will present the first quarter 2021 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 13, 2021*

Change in Net Fiduciary Position

PRELIMINARY - December 31, 2020 – March 31, 2021



Components may not sum exactly due to rounding.

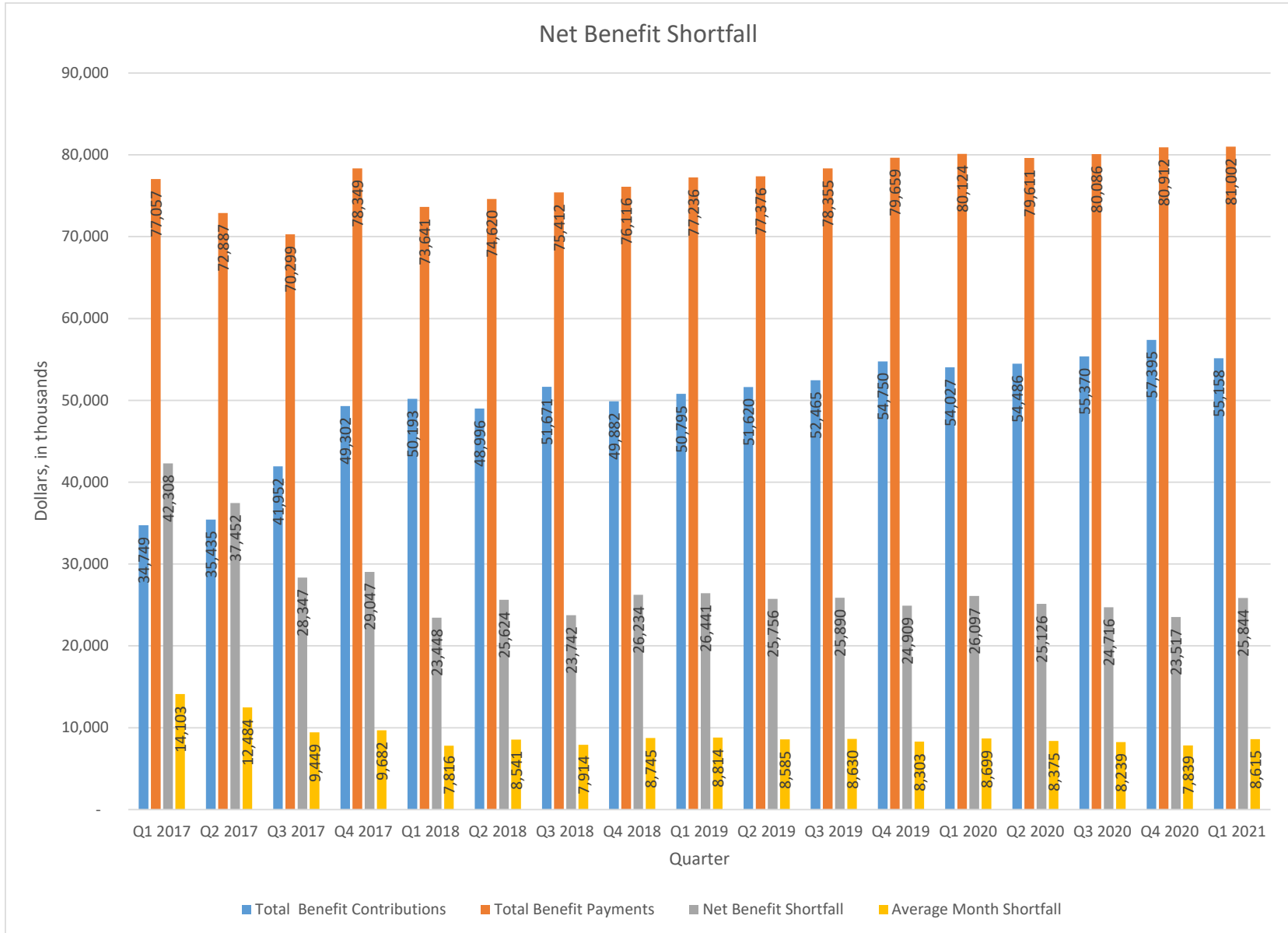
DALLAS POLICE & FIRE PENSION SYSTEM
Combined Statements of Fiduciary Net Position

	March 31, 2021	PRELIMINARY December 31, 2020 (unaudited)	\$ Change	% Change
Assets				
Investments, at fair value (NOTE)				
Short-term investments	\$ 17,209,556	\$ 20,430,187	\$ (3,220,631)	-16%
Fixed income securities	471,132,951	472,487,992	(1,355,041)	0%
Equity securities	756,005,704	700,767,440	55,238,264	8%
Real assets	479,964,128	518,797,567	(38,833,439)	-7%
Private equity	197,111,899	197,572,780	(460,881)	0%
Forward currency contracts	13,003	(296,918)	309,921	-104%
Total investments (NOTE)	1,921,437,241	1,909,759,048	11,678,193	1%
Receivables				
City	6,833,049	4,032,755	2,800,294	69%
Members	2,391,179	1,445,883	945,296	65%
Interest and dividends	4,360,878	3,782,403	578,475	15%
Investment sales proceeds	13,828,417	9,296,619	4,531,798	49%
Other receivables	166,452	193,111	(26,659)	-14%
Total receivables	27,579,975	18,750,771	8,829,204	47%
Cash and cash equivalents	93,291,667	88,491,051	4,800,616	5%
Prepaid expenses	809,213	544,957	264,256	48%
Capital assets, net	12,027,589	12,087,827	(60,238)	0%
Total assets	\$ 2,055,145,685	\$ 2,029,633,654	\$ 25,512,031	1%
Liabilities				
Payables				
Securities purchased	30,509,817	11,783,719	18,726,098	159%
Accounts payable and other accrued liabilities	4,298,994	5,062,394	(763,400)	-15%
Total liabilities	34,808,811	16,846,113	17,962,698	107%
Net position				
Net investment in capital assets	12,027,589	12,087,827	(60,238)	0%
Unrestricted	2,008,309,284	2,000,699,714	7,609,570	0%
Net position held in trust - restricted for pension benefits	\$ 2,020,336,873	\$ 2,012,787,541	\$ 7,549,332	0%

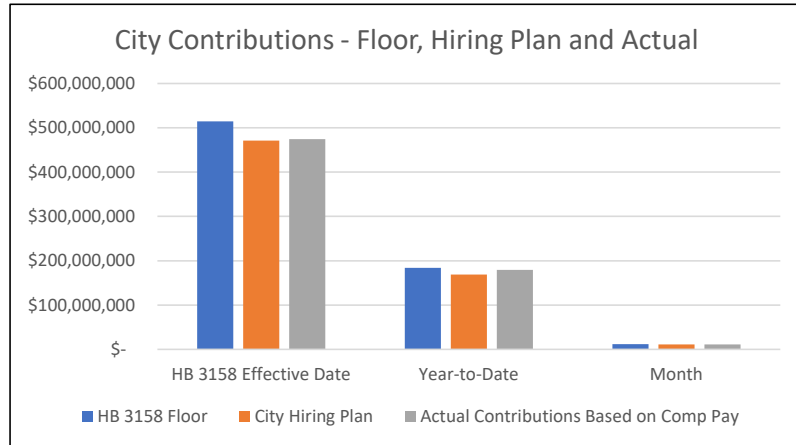
(NOTE) Private asset values have not yet been reported for Q4 20. Values will be updated as final reporting is received.

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

	<u>3 Months Ended</u> <u>3/31/2021</u>	<u>3 Months Ended</u> <u>3/31/2020</u>	<u>\$ Change</u>	<u>% Change</u>
Contributions				
City	\$ 40,781,537	\$ 40,201,428	\$ 580,109	1%
Members	14,376,663	13,825,495	551,168	4%
Total Contributions	<u>55,158,200</u>	<u>54,026,923</u>	<u>1,131,277</u>	<u>2%</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	29,882,560	(160,907,926)	190,790,486	-119%
Interest and dividends	<u>7,229,477</u>	<u>8,335,128</u>	<u>(1,105,651)</u>	<u>-13%</u>
Total gross investment income	37,112,037	(152,572,798)	189,684,835	-124%
less: investment expense	<u>(2,656,604)</u>	<u>(1,576,521)</u>	<u>(1,080,083)</u>	<u>-69%</u>
Net investment income	<u>34,455,433</u>	<u>(154,149,319)</u>	<u>188,604,752</u>	<u>-122%</u>
Securities lending income				
Securities lending income	-	53,028	(53,028)	-100%
Securities lending expense	-	<u>(43,440)</u>	<u>43,440</u>	<u>-100%</u>
Net securities lending income	<u>-</u>	<u>9,588</u>	<u>(9,588)</u>	<u>-100%</u>
Other income	87,068	88,503	(1,435)	-2%
Total additions	<u>89,700,701</u>	<u>(100,024,305)</u>	<u>189,725,006</u>	<u>-190%</u>
Deductions				
Benefits paid to members	80,254,243	79,471,578	782,665	1%
Refunds to members	747,572	652,639	94,933	15%
Legal expense	(462,798)	85,806	(548,604)	-639%
Legal expense reimbursement	<u>469,248</u>	<u>-</u>	<u>469,248</u>	<u>0%</u>
Legal expense, net of reimbursement	6,450	85,806	(79,356)	-92%
Staff Salaries and Benefits	976,394	936,628	39,766	4%
Professional and administrative expenses	<u>635,958</u>	<u>568,909</u>	<u>67,049</u>	<u>12%</u>
Total deductions	<u>82,151,369</u>	<u>81,715,560</u>	<u>435,809</u>	<u>1%</u>
Net increase (decrease) in net position	<u>7,549,332</u>	<u>(181,739,865)</u>		
Beginning of period	2,012,787,541	2,075,164,750		
End of period	<u>\$ 2,020,336,873</u>	<u>\$ 1,893,424,885</u>		



Contribution Tracking Summary - May 2021 (March 2021 Data)



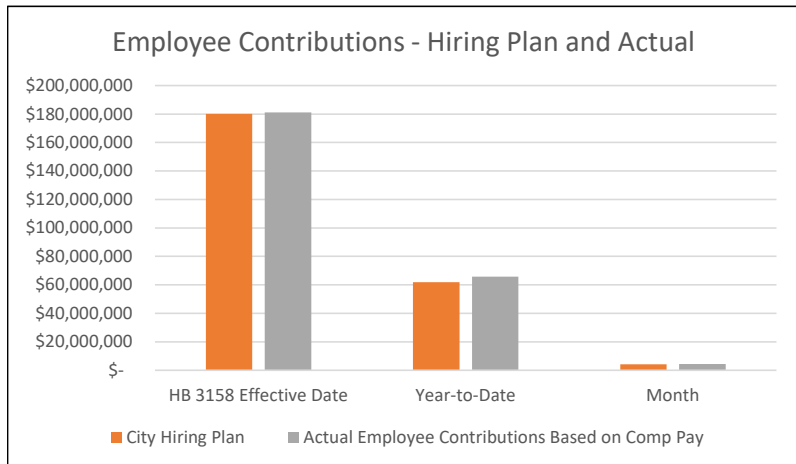
Actual Comp Pay was 101% of the Hiring Plan estimate since the effective date of HB 3158.

In the most recent month Actual Comp Pay was 105% of the Hiring Plan estimate and 97% of the Floor amount.

The Hiring Plan Comp Pay estimate increased by 3.03% in 2021. The Floor increased by 2.76%.

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

The combined actual employees was 159 less than the Hiring Plan for the pay period ending March 30, 2021. Fire was over the estimate by 20 fire fighters and Police under by 179 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-21	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	2	\$ 11,764,000	\$ 10,827,692	\$ 11,371,275	\$ 392,725	97%	105%
Year-to-Date		\$ 184,116,000	\$ 169,103,077	\$ 179,600,847	\$ 4,588,859	98%	106%
HB 3158 Effective Date		\$ 514,463,000	\$ 471,243,462	\$ 474,658,056	\$ 39,878,651	92%	101%

*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-21	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	2	\$ 4,236,923	\$ 4,457,132	\$ 220,209	\$ 4,236,924	105%	105%
Year-to-Date		\$ 61,933,846	\$ 65,678,612	\$ 3,744,766	\$ 61,933,852	106%	106%
HB 3158 Effective Date		\$ 180,162,692	\$ 181,147,692	\$ 985,000	\$ 175,053,490	101%	103%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ (588,489)

Does not include Supplemental Plan Contributions.

Reference Information

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

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

The HB 3158 Bi-weekly Floor ends after 2024

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

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

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

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

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

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

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

	Actuarial Valuation	GASB 67/68
YE 2017 (1/1/2018 Valuation)		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
2019 Estimate (1/1/2019 Valuation)		
2019 Employee Contribution Assumption	\$ 9,278	*

**90% of Hiring Plan was used for the Cash Flow Projection for future years in the 12/31/2017 GASB 67/68 calculation. At 12-31-17, 12-31-18 and 12-31-2019 this did not impact the pension liability or the funded percentage.*

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

City Hiring Plan - Annual Computation Pay and Numbers of Employees						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000	\$ 421,529,994	\$ 25,529,994	5,063	4,988	(75)
2021	\$ 408,000,000			5,088		
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 - 2021	Annual Divided by 26 Pay Periods	Actual	Difference	2020 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 30,461,538	\$ 31,291,360	\$ 829,821	\$ 829,821	4960	(128)
February	\$ 30,461,538	\$ 31,355,435	\$ 893,897	\$ 1,723,718	4926	(162)
March	\$ 30,461,538	\$ 31,414,646	\$ 953,108	\$ 2,676,826	4929	(159)
April				\$ 2,676,826		
May				\$ 2,676,826		
June				\$ 2,676,826		
July				\$ 2,676,826		
August				\$ 2,676,826		
September				\$ 2,676,826		
October				\$ 2,676,826		
November				\$ 2,676,826		
December				\$ 2,676,826		



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 13, 2021*