

AGENDA



Date: March 3, 2023

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, March 9, 2023, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via telephone conference for audio at **214-271-5080** access code **588694** or Toll-Free (US & CAN): **1-800-201-5203** and Zoom meeting for visual <https://us02web.zoom.us/j/83265684870?pwd=dStKN0N1VUZyUkRtdFViekpraFpZUT09> **Passcode: 382625**. 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 February 9, 2023

2. Approval of Refunds of Contributions for the Month of February 2023

- 3. Approval of Estate Settlements**
- 4. Approval of Survivor Benefits**
- 5. Approval of Service Retirements**
- 6. Approval of Alternate Payee Benefits**

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. Trustee Terms and Draft Election Schedule**
- 2. Monthly Contribution Report**
- 3. Board approval of Trustee education and travel**
 - a. Future Education and Business-related Travel
 - b. Future Investment-related Travel
- 4. Employee Retirement Plan Transition and 457 Plan Update**
- 5. Portfolio Update**
- 6. Invesco Global Equity Allocation**

- 7. Fourth Quarter 2022 Investment Performance Analysis and Third Quarter 2022 Private Markets & Real Assets Review**
- 8. Real Estate: Clarion Presentation**
- 9. Legislative Update**
- 10. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**
- 11. Closed Session - Board serving as Medical Committee**
 - Discussion will be closed to the public under the terms of Sections 551.078 of the Texas Government Code.
 - a.** Application for death benefits for disabled child 2023-1c
 - b.** Application for death benefits for disabled child 2023-2c
- 12. Hardship Request**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.078 of the Texas Government Code.

D. BRIEFING ITEMS

1. Public Comment

2. Executive Director's report

a. Associations' newsletters

- NCPERS Monitor (March 2023)
- TEXPERS Pension Observer (Vol. 1 2023)
[TEXPERS Pension Observer Vol 1, 2023 \(anyflip.com\)](https://www.anyflip.com)

b. Open Records

c. Fiduciary Insurance Update

d. Employee Service Award

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

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
James F. Decker	Retired	Police	Jan. 27, 2023
Kirk T. Thomas	Retired	Police	Jan. 31, 2023
Benny B. Howard	Retired	Fire	Feb. 3, 2023
Mark L. Dawson	Retired	Fire	Feb. 3, 2023
Joe A. Hogan	Retired	Fire	Feb. 6, 2023
Jack H. Hickey	Retired	Fire	Feb. 9, 2023
Kalon T. Cohen	Active	Fire	Feb. 13, 2023
Charles R. Galyon	Retired	Police	Feb. 17, 2023
Joel D. Curtis	Retired	Police	Feb. 23, 2023
William E. McCarter	Retired	Fire	Feb. 28, 2023

Regular Board Meeting –Thursday, July 8, 2021

**Dallas Police and Fire Pension System
Thursday, February 9, 2023
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

Regular meeting, William F. Quinn, Vice-Chairman, presiding:

ROLL CALL

Board Members

Present at 8:30 a.m. William F. Quinn, Armando Garza (by telephone), Michael Brown (by telephone), Kenneth Haben, Steve Idoux (by telephone), Tina Hernandez Patterson, Nancy Rocha (by telephone), Anthony Scavuzzo, Marcus Smith

Absent: Nicholas A. Merrick, Mark Malveaux

Staff

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Michael Yan, Akshay Patel, John Holt, Nien Nguyen, Milissa Romero

Others

Iva Giddiens, James Martinez (by telephone), Tom Tull, Aaron Lally (by telephone), Michael Taglienti, Kristi Walters

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The Regular meeting was called to order at 8:30 a.m.

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A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of retired police officers Richard E. Balluch, Booker T. Wolfe, and active firefighter John M. Calix and retired firefighters John E. Hobbs, Billy G. Roberts, Ray D. Riddles, Nickey S. Richardson.

No motion was made.

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**Regular Board Meeting
Thursday, February 9, 2023**

B. CONSENT AGENDA

1. Approval of Minutes

Regular meeting of January 12, 2023

2. Approval of Refunds of Contributions for the Month of January 2023

3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for February 2023

4. Approval of Estate Settlements

5. Approval of Survivor Benefits

6. Approval of Service Retirements

7. Approval of Alternate Payee Benefits

After discussion, Mr. Scavuzzo made a motion to approve the minutes of the Regular meeting of January 12, 2023. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Risk Insurance Renewal

Representatives of DPF's insurance broker, Arthur J. Gallagher & Co. were present to discuss the insurance market and the risk renewal status. The Board directed staff to renew the primary cyber coverage of \$5 million and the crime insurance with the \$35,000 retention.

**Regular Board Meeting
Thursday, February 9, 2023**

1. Risk Insurance Renewal (continued)

After discussion, Mr. Smith made a motion to approve a reduction of the Fiduciary insurance coverage to \$20 million. Mr. Haben seconded the motion, which was approved by the following vote:

For: Mr. Garza, Mr. Haben, Mr. Idoux, Ms. Hernandez Patterson, Mr. Scavuzzo, Mr. Smith

Opposed: Mr. Brown, Mr. Quinn, Ms. Rocha

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2. Quarterly Financial Reports

The Chief Financial Officer presented the fourth quarter 2022 financial statements.

No motion was made.

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3. 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. Haben made a motion to approve Ms. Hernandez Patterson's request to attend the TEXPERS Annual Conference. Mr. Smith seconded the motion, which was unanimously approved by the Board.

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4. Portfolio Update

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

No motion was made.

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**Regular Board Meeting
Thursday, February 9, 2023**

5. Committee Appointments and Terms

- a. Consultant Search Sub-Committee
- b. Investment Advisory Committee Appointments

At the January 12th Board meeting, the Board approved forming a sub-committee to advise staff regarding the planned consultant search process and subsequently, Ms. Hernandez Patterson expressed interest in joining the sub-committee.

The Investment Policy stipulates that there must be a majority of outside investment professionals on the Investment Advisory Committee (IAC) and that members shall serve two-year terms. Currently, the IAC has four outside investment professionals and four Trustees serving on the IAC. Staff discussed two potential outside investment professionals for the Board’s consideration and re-appointing IAC members Mr. Brown, Mr. Haben, and Mr. Jones.

The current IAC members, terms, and proposed terms (*) are as follows:

IAC Seat	Name	IAC Start Date	IAC Term End Date
Board Member #1	Bill Quinn	9/8/2022	8/31/2023
Board Member #2	Michael Brown	11/12/2020	12/31/2024*
Board Member #3	Ken Haben	11/12/2020	8/31/2023*
Board Member #4	Nancy Rocha	1/13/2022	12/31/2023
External #1	Robert Jones	1/10/2019	12/31/2024*
External #2	Rakesh Dahiya	7/9/2020	12/31/2023
External #3	Tom Tull	1/13/2022	12/31/2023
External #4	Ryan Bailey	1/13/2022	12/31/2023
External #5	Luke Gittemeier	2/10/2023	12/31/2024
External #6	Jamil McNeal	2/10/2023	12/31/2024

- a. After discussion, Mr. Quinn made a motion to appoint Ms. Hernandez Patterson to the consultant search sub-committee. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.
- b. After discussion, Mr. Quinn made a motion to appoint Mr. Jamil McNeal and Mr. Luke Gittemeier to the Investment Advisory Committee (IAC) with terms ending 12/31/24 and extended the terms of current IAC members Mr. Jones and Mr. Brown ending 12/31/2024 and Mr. Haben ending 8/31/2023. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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**Regular Board Meeting
Thursday, February 9, 2023**

6. Investment Policy Statement Amendment

Staff reviewed the revised language of the Investment Policy Statement (IPS) to focus on the inclusion of diverse managers in public manager searches in accordance with the Board’s direction at the January 12th Board meeting.

After discussion, Mr. Haben made a motion to approve the proposed revised Investment Policy Statement. Mr. Smith seconded the motion, which was unanimously approved by the Board.

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7. Employee Handbook

The Executive Director reviewed the revised Employee Handbook including the draft of the Information Technology Exhibits.

After discussion, Mr. Quinn made a motion to approve the revised Employee Handbook. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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8. Monthly Contribution Report

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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9. Legislative Update

Staff briefed the Board on pension bills that have been filed which may bear on DFPF.

No motion was made.

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**Regular Board Meeting
Thursday, February 9, 2023**

- 10. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DPF 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 10:08 a.m.

The meeting was reopened at 10:37 a.m.

The Board and staff discussed legal issues.

No motion was made.

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D. BRIEFING ITEMS

1. Public Comments

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

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2. Executive Director's report

- a. Associations' newsletters**
 - NCPERS Monitor (February 2023)
- b. Open Records**
- c. Kenneth Haben Appointed to the TEXPERS Board of Directors**

The Executive Director's report was presented.

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**Regular Board Meeting
Thursday, February 9, 2023**

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Scavuzzo and a second by Mr. Haben, the meeting was adjourned at 10:37 a.m.

William F. Quinn
Vice-Chairman

ATTEST:

Kelly Gottschalk
Secretary

DRAFT



DISCUSSION SHEET

ITEM #C1

Topic: **Trustee Terms and Draft Election Schedule**

Discussion: As required by the Trustee Election Procedures, this agenda item is intended to notify the Board that the terms of the following Trustees expire on August 31, 2023:

Nicholas A. Merrick, Mayoral Appointee
William Quinn, Mayoral Appointee
Armando Garza, Fire Fighter Trustee
Kenneth Haben, Police Officer Trustee

Additionally, the Trustee Election Procedures require the Board to adopt an election schedule for the election of the police and fire trustees.

Staff

Recommendation: **Adopt** the draft 2023 Police Officer and Fire Fighter Trustee Election schedule.

Regular Board Meeting – Thursday, March 9, 2023



2023 Police Officer and Fire Fighter Trustee Election Schedule

Date	Item
March 9	Notify Board about trustee term expirations. Approve draft election schedule.
April 4	Email a notice to the City Manager, Police and Fire Department Chiefs and the Police Officer and Fire Fighter Association Presidents announcing call for candidates and post notice to DPFP Website.
April 4	Distribute via mail, and email where possible, a notification to Members and Pensioners announcing the Trustee election and call for candidates.
April 4 – May 4	Application packets are available on the DPFP website. www.DPFP.org or at the DPFP office at 4100 Harry Hines Blvd., suite 100.
May 4	Applications for Police Officer and Fire Fighter Trustee candidates due at DPFP by 4:00 p.m.
May 11	Board determines if the Police Officer and Fire Fighter candidates meet the required qualifications to be included on the ballot. If no candidate meets the required qualifications the Nominations Committee will be notified that the position must be filled by a Non-member Trustee.
May 12	Candidates will be notified about whether or not their application was deemed qualified to be included on the ballot.
June 12	Mail Police Officer and Fire Fighter voting packets to active Members' home addresses for those who have not elected eCorrespondence.
June 13	Email Police Officer and Fire Fighter Trustee voting packets to active Members' electing eCorrespondence at 8 a.m.
June 13 – June 28	Voting begins at 8 a.m. on Tuesday June 13, voting ends at noon on Wednesday, June 28.

- June 29** Vendor reports election results.
- June 30** Executive Director reports election results to the Board and posts the results on the DFPF website.
- July 13** Board of Trustees certify the election results from the election.
- July 19** If necessary, mail Police Officer and Fire Fighter Runoff Trustee voting packets to active Members' home addresses for those who have not elected eCorrespondence.
- July 20** Email Police Officer and Fire Fighter Trustee Runoff voting packets to active Members' electing eCorrespondence at 8 a.m.
- July 20 – August 1** Police Officer and Fire Fighter Trustee Runoff election, if necessary. Voting begins at 8 a.m. on Thursday, July 20, Voting ends at noon on Tuesday, August 1.
- August 2** Vendor reports election results.
- August 3** Executive Director reports election results to Board and posts the results on the DFPF website.
- August 10** Board of Trustees certify Police Officer and Fire Fighter Trustee Runoff election results.
- September 1** New Trustees term begin.
- Definitions:**
- Police Officer Trustee:** One active or former Police Department representative to be elected by active members of the Police Department.
- Fire Fighter Trustee:** One active or former Fire Department representative to be elected by active members of the Fire Department.
- Non-Member Trustee:** Three trustees who cannot be a Member, Pensioner, a current City employee, a person who was formerly a City employee and who has been separated from the City for less than two years prior to becoming a Trustee or a currently elected City official.



DISCUSSION SHEET

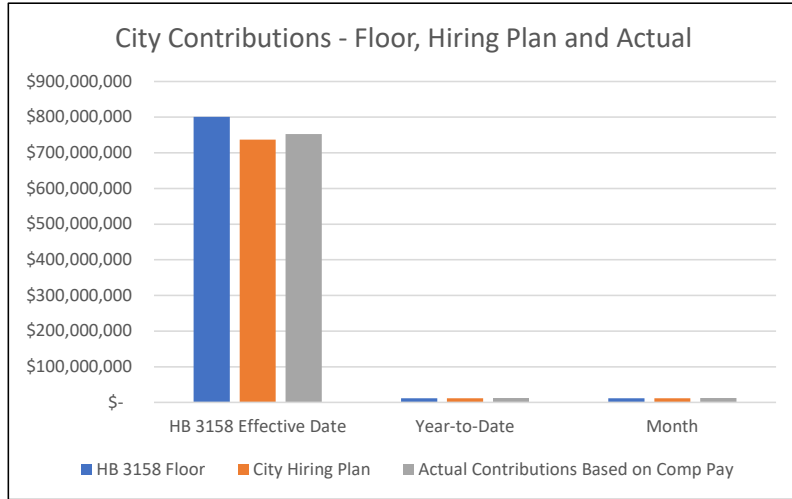
ITEM #C2

Topic: Monthly Contribution Report

Discussion: Staff will review the Monthly Contribution Report.

Regular Board Meeting – Thursday, March 9, 2023

Contribution Tracking Summary - March 2023 (January 2023 Data)

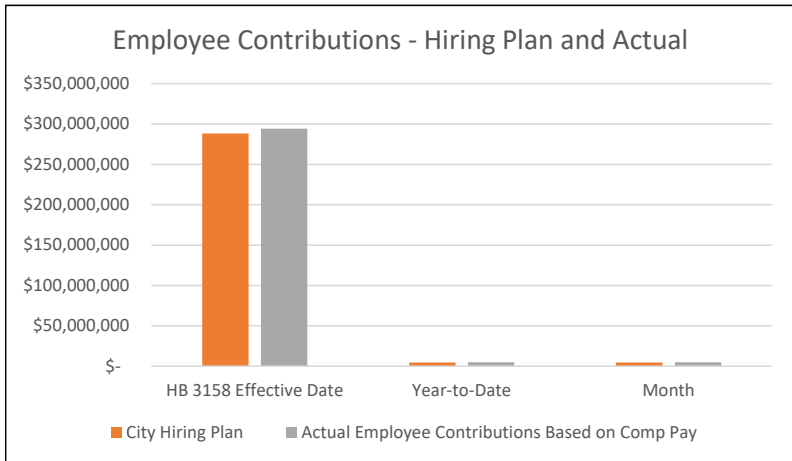


Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

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

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

With the new year the City's Hiring Plan added 50 Police Officers to the estimates which now increases the shortfall of employees. The combined actual employees was 241 less than the Hiring Plan for the pay period ending January 31, 2023. Fire was over the estimate by 57 Fire Fighters and Police under by 298 Police Officers.



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

There is no Floor on employee contributions.

Contribution Summary Data

City Contributions							
Jan-23	Number of Pay Periods Beginning in the Month	HB 3158 Floor	City Hiring Plan	Actual Contributions Based on Comp Pay	Additional Contributions to Meet Floor Minimum	Comp Pay Contributions as a % of Floor Contributions	Comp Pay Contributions as a % of Hiring Plan Contributions
Month	2	\$ 11,624,000	\$ 11,623,846	\$ 12,208,573	\$ -	105%	105%
Year-to-Date		\$ 11,624,000	\$ 11,623,846	\$ 12,208,573	\$ -	105%	105%
HB 3158 Effective Date		\$ 800,845,000	\$ 736,734,231	\$ 752,512,464	\$ 48,990,866	94%	102%
<p><i>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.</i></p>							

Employee Contributions							
Jan-23	Number of Pay Periods Beginning in the Month	City Hiring Plan	Actual Employee Contributions Based on Comp Pay	Actual Contribution Shortfall Compared to Hiring Plan	Actuarial Valuation Contribution Assumption	Actual Contributions as a % of Hiring Plan Contributions	Actual Contributions as a % of Actuarial Val Assumption
Month	2	\$ 4,548,462	\$ 4,783,983	\$ 235,521	\$ 4,236,924	105%	113%
Year-to-Date		\$ 4,548,462	\$ 4,783,983	\$ 235,521	\$ 4,236,924	105%	113%
HB 3158 Effective Date		\$ 288,287,308	\$ 294,274,195	\$ 5,986,887	\$ 280,976,590	102%	105%
Potential Earnings Loss from the Shortfall based on Assumed Rate of Return				\$ (85,181)			
<p><i>Does not include Supplemental Plan Contributions.</i></p>							

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	\$ 429,967,675	\$ 21,967,675	5,088	4,958	(130)
2022	\$ 422,000,000	\$ 439,104,541	\$ 17,104,541	5,113	5,074	(39)
2023	\$ 438,000,000			5,163		
2024	\$ 454,000,000			5,213		
2025	\$ 471,000,000			5,263		
2026	\$ 488,000,000			5,313		
2027	\$ 507,000,000			5,363		
2028	\$ 525,000,000			5,413		
2029	\$ 545,000,000			5,463		
2030	\$ 565,000,000			5,513		
2031	\$ 581,000,000			5,523		
2032	\$ 597,000,000			5,523		
2033	\$ 614,000,000			5,523		
2034	\$ 631,000,000			5,523		
2035	\$ 648,000,000			5,523		
2036	\$ 666,000,000			5,523		
2037	\$ 684,000,000			5,523		

Comp Pay by Month - 2023	Annual Divided by 26 Pay Periods	Actual	Difference	2022 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 33,692,308	\$ 35,387,168	\$ 1,694,860	\$ 1,694,860	4922	(241)
February	\$ 33,692,308					
March	\$ 50,538,462					
April	\$ 33,692,308					
May	\$ 33,692,308					
June	\$ 33,692,308					
July	\$ 33,692,308					
August	\$ 50,538,462					
September	\$ 33,692,308					
October	\$ 33,692,308					
November	\$ 33,692,308					
December	\$ 33,692,308					



DISCUSSION SHEET

ITEM #C3

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, March 9, 2023

**Future Education and Business Related Travel & Webinars
Regular Board Meeting – March 9, 2023**

ATTENDING APPROVED

- | | | |
|-----------------------|--|-----------------------|
| 1. Conference: | TEXPERS Annual Conference | KH 01/12/2023 |
| Dates: | April 2-5, 2023 | THP 02/09/2023 |
| Location: | Austin, TX | |
| Est Cost: | \$1,2000 | |
|
 | | |
| 2. Conference: | NCPERS Accredited Fiduciary (NAF) Program | |
| Dates: | May 20-21, 2023 | |
| Location: | New Orleans, LA | |
| Est Cost: | \$1,923 <i>*Attending NAF only</i> | |
|
 | | |
| 3. Conference: | NCPERS Trustee Educational Seminar (TEDS) | |
| Dates: | May 20-21, 2023 | |
| Location: | New Orleans, LA | |
| Est Cost: | \$1,553 <i>*Attending TEDS only</i> | |
|
 | | |
| 4. Conference: | NCPERS Annual Conference & Exhibition (ACE) | |
| Dates: | May 20-21, 2023 | |
| Location: | New Orleans, LA | |
| Est Cost: | \$2,690 | |

**Future Education and Business Related Travel & Webinars
Regular Board Meeting – March 9, 2023**

ATTENDING APPROVED

5. **Conference:** **TEXPERS Advance Trustee Training**
Dates: August 13, 2023
Location: The Woodlands, TX
Est Cost: TBD

6. **Conference:** **TEXPERS Summer Education Forum**
Dates: August 14-15, 2023
Location: The Woodlands, TX
Est Cost: TBD

7. **Conference:** **NCPERS Public Pension Funding Forum**
Dates: August 20-23, 2023
Location: Chicago, IL
Est Cost: TBD



DISCUSSION SHEET

ITEM #C4

Topic: **Employee Retirement Plan Transition and 457 Plan Update**

Discussion: The staff retirement plan transitioned from a 401(a) defined contribution plan to the Texas Municipal Retirement System (TMRS) effective January 1, 2022. Staff will provide an update on the transition to TMRS, the closure of the 401(a) plan and an update on the employee voluntary 457 plan.

Regular Board Meeting – Thursday, March 9, 2023



DISCUSSION SHEET

ITEM #C5

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, March 9, 2023



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Portfolio Update

March 9, 2023

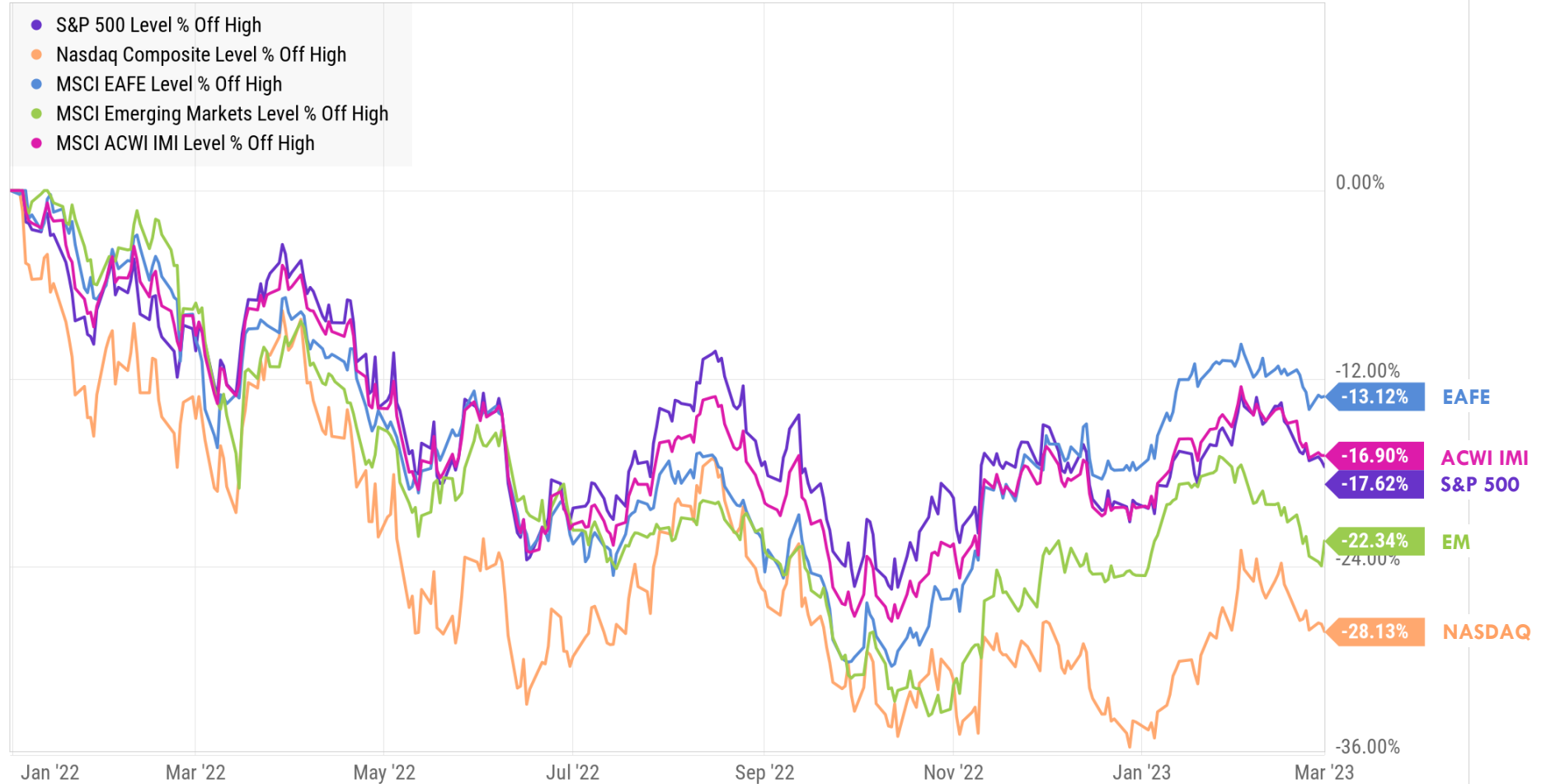
Board Meeting

Executive Summary

- Liquidation of private market assets remains the top focus.
 - \$22M in distributions received YTD, all in February.
- At the March 2022 Board meeting, staff notified the Board that the Safety Reserve would be drawn down to fund net benefit outflows.
- Consultant Search: RFP issued on February 15th, responses due by March 15th.
- **Rebalancing actions:**
 - \$28M of Private Market proceeds were redeployed into Small Cap Equity in mid-November.
 - Since mid-November, an additional \$30M of Private Market proceeds have been received. Staff expects to redeploy half of that amount into the Passive ACWI IMI investment and hold back the other half in Cash within the Safety Reserve in Mid-March.
- Estimated Year-to-Date Return (as of 2/28/23): 2.6% for DPFPP portfolio; 4.0% for Public Markets (ex-Cash) which accounts for 65% of the assets.

Equity Market Drawdown (1/1/22 to 3/1/23)

Equity Indices - % Off High (As of 3/1/23)

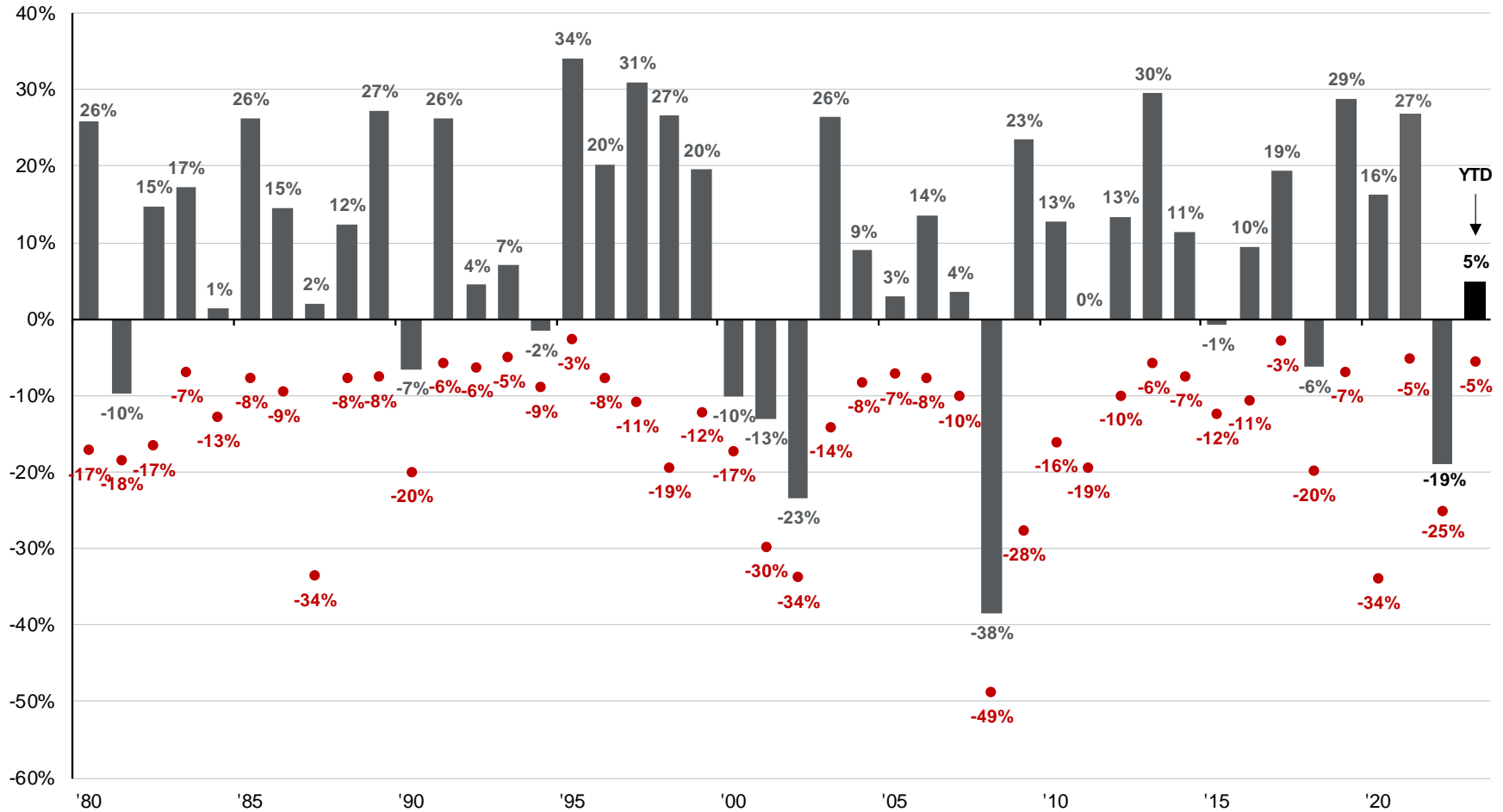


Mar 02 2023, 1:48PM EST. Powered by **YCHARTS**

S&P Intra-Year Declines

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

Despite average intra-year drops of 14.3%, annual returns were positive in 32 of 43 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

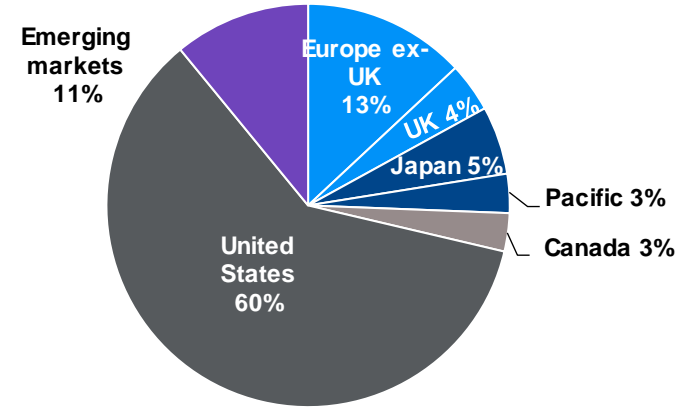
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2022, over which time period the average annual return was 8.7%.

Guide to the Markets – U.S. Data are as of March 6, 2023.

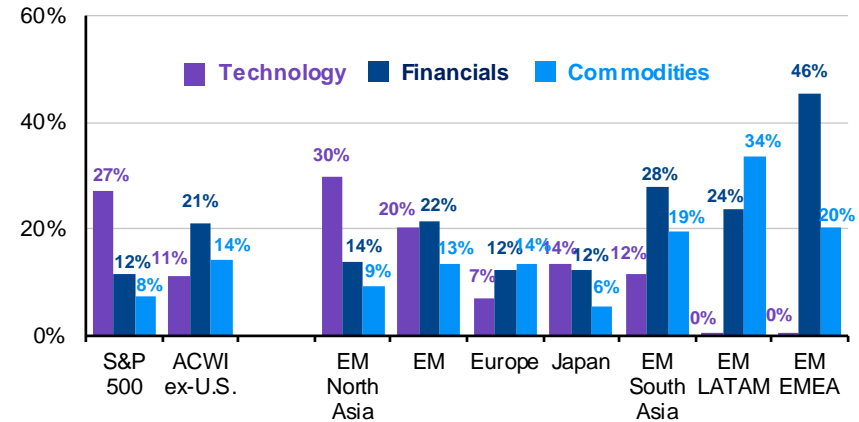
Asset Class Returns – JPM Guide to the Markets

Returns	2023		2022		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	3.7	-	-18.1	8.8	0.9
AC World ex-U.S.	5.3	4.3	-9.2	-15.6	2.0	1.0
EAFE	7.0	5.9	-6.5	-14.0	2.3	1.0
Europe ex-UK	9.3	8.4	-12.2	-17.3	2.4	1.2
Emerging markets	1.6	0.9	-15.2	-19.7	1.0	1.1
Selected Countries						
United Kingdom	6.1	6.8	7.2	-4.8	1.4	1.0
France	11.9	11.2	-6.9	-12.7	2.8	1.2
Germany	11.1	10.4	-16.5	-21.6	0.9	1.3
Japan	5.4	2.1	-4.1	-16.3	2.5	0.7
China	0.7	0.2	-20.6	-21.8	0.6	1.0
India	-7.4	-7.4	3.0	-7.5	2.4	1.2
Brazil	-3.9	-2.9	8.6	14.6	-2.1	1.4
Korea	9.4	4.5	-24.4	-28.9	1.6	1.3

Weights in MSCI All Country World Index
% global market capitalization, float adjusted



Representation of key sectors in international markets
% of index market capitalization

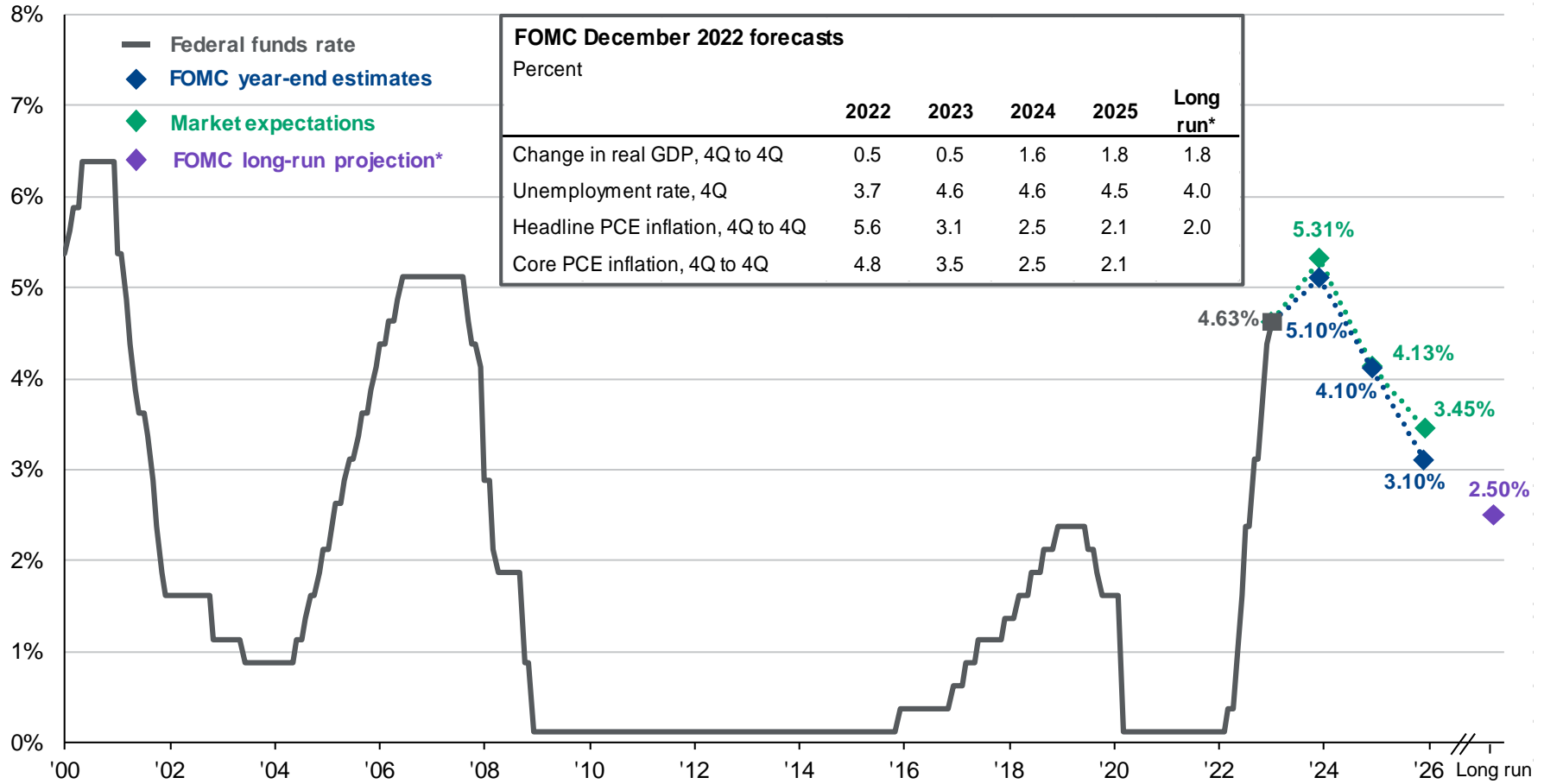


Source: FactSet, Federal Reserve, MSCI, Standard & Poor's, J.P. Morgan Asset Management. All return values are MSCI Gross Index data. 15-year history based on USD returns. 15-year return and beta figures are calculated for the time period 12/31/2007 to 12/31/2022. Beta is for monthly returns relative to the MSCI AC World Index. Annualized volatility is calculated as the standard deviation of quarterly returns multiplied by the square root of 4. Chart is for illustrative purposes only. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results. EM North Asia includes China, Taiwan and South Korea. EM South Asia includes India, Indonesia, Malaysia, Pakistan, Philippines, Taiwan and Thailand.
Guide to the Markets – U.S. Data are as of February 28, 2023.

The Fed and Interest Rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate

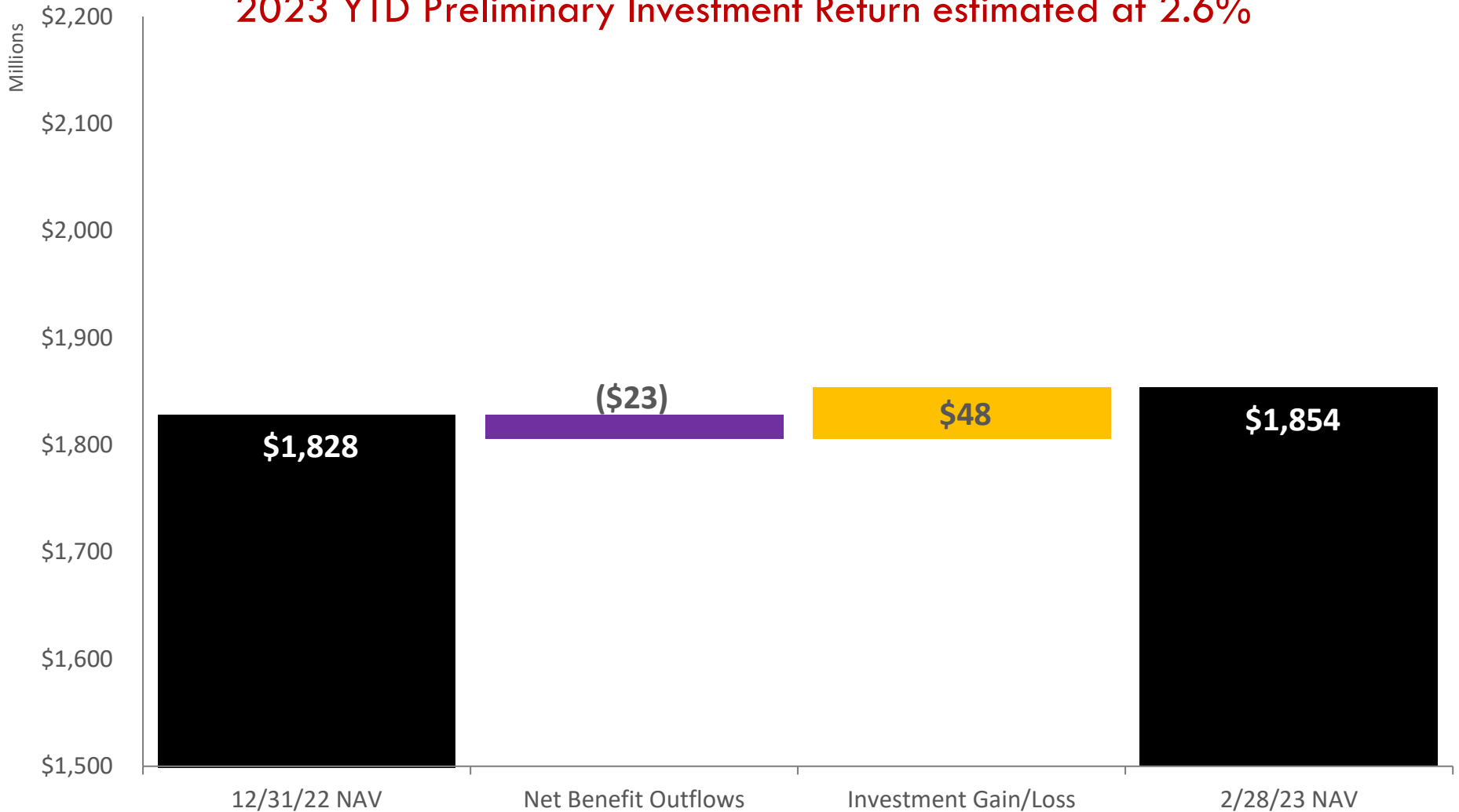


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
 Market expectations are based off of the respective Federal Funds Futures contracts for December expiry. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
 Guide to the Markets – U.S. Data are as of March 6, 2023.

2023 - Change in Market Value Bridge Chart

In Millions

2023 YTD Preliminary Investment Return estimated at 2.6%



The beginning 12/31/22 value is from the Q4 2022 Meketa Performance Report and includes a one-quarter lag on private assets.
 Numbers may not foot due to rounding.

Public Markets Performance Snapshot - Estimates

Public Markets (ex-Cash) currently make up 65.2% of DFPF Investment Portfolio.

Net of fees	Index	2/28/2023	MTD as of 2/28/2023			YTD as of 2/28/2023			3 Year Trailing as of 2/28/2023		
		NAV (\$M)	Manager	Index	Excess	Manager	Index	Excess	Manager	Index	Excess
Total Public Portfolio (ex-Cash)	60% ACWI IMI 40% Global AGG	\$1,208.8	-2.2%	-3.0%	0.8%	4.0%	2.6%	1.5%	5.4%	3.3%	2.1%
Global Equity	MSCI ACWI IMI	\$795.9	-2.1%	-2.8%	0.7%	5.1%	4.4%	0.7%	9.7%	8.9%	0.8%
Boston Partners	MSCI World	\$132.4	-0.7%	-2.4%	1.7%	5.4%	4.5%	0.9%	15.3%	9.9%	5.4%
Manulife	MSCI ACWI	\$126.2	-2.7%	-2.9%	0.2%	3.0%	4.1%	-1.1%	9.0%	8.8%	0.2%
Invesco (OFI)	MSCI ACWI	\$125.6	-3.5%	-2.9%	-0.6%	6.5%	4.1%	2.4%	5.9%	8.8%	-2.9%
Walter Scott	MSCI ACWI	\$131.0	-2.6%	-2.9%	0.3%	4.4%	4.1%	0.3%	8.7%	8.8%	-0.1%
Northern Trust ACWI IMI Index ¹	MSCI ACWI IMI	\$172.7	-3.0%	-2.8%	-0.2%	4.2%	4.4%	-0.1%	9.2%	8.9%	0.2%
Eastern Shore US Small Cap ¹	Russell 2000	\$52.0	0.0%	-1.7%	1.7%	7.7%	7.9%	-0.2%	5.6%	10.1%	-4.5%
Global Alpha ¹	MSCI EAFE Small Cap	\$56.1	1.0%	-2.2%	3.2%	8.2%	5.1%	3.1%	6.3%	5.3%	1.0%
EM Equity - RBC	MSCI EM IMI	\$85.7	-6.7%	-6.0%	-0.6%	2.7%	1.2%	1.6%	3.0%	2.0%	1.0%
Public Fixed Income (ex-Cash)	BBG Multiverse TR	\$327.2	-1.3%	-3.3%	2.0%	1.9%	-0.1%	1.9%	-0.9%	-6.0%	5.1%
S/T IG Bonds - IR+M	BBG 1-3YR AGG	\$54.5	-0.6%	-0.7%	0.1%	0.6%	0.1%	0.6%	-0.1%	-0.75%	0.7%
IG Bonds - Longfellow ¹	BBG US AGG	\$67.0	-2.0%	-2.6%	0.6%	1.3%	0.4%	0.9%	-3.1%	-3.8%	0.6%
Bank Loans - Pacific Asset Mgmt. ²	CS Leveraged Loan	\$73.9	0.6%	0.6%	0.0%	3.3%	3.2%	0.1%	3.9%	3.5%	0.3%
High Yield - Loomis Sayles ¹	BBG USHY 2% Cap	\$69.6	-1.6%	-1.3%	-0.3%	2.2%	2.5%	-0.2%	1.0%	1.4%	-0.4%
EM Debt - Metlife ¹	35% EMBI / 35% CEMBI / 30% GBI-EM	\$62.2	-2.9%	-2.3%	-0.6%	1.5%	1.1%	0.4%	-3.3%	-3.4%	0.1%

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

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

² - Benchmark for Bank Loans is proxied to S&P Leveraged Loans for current month performance.

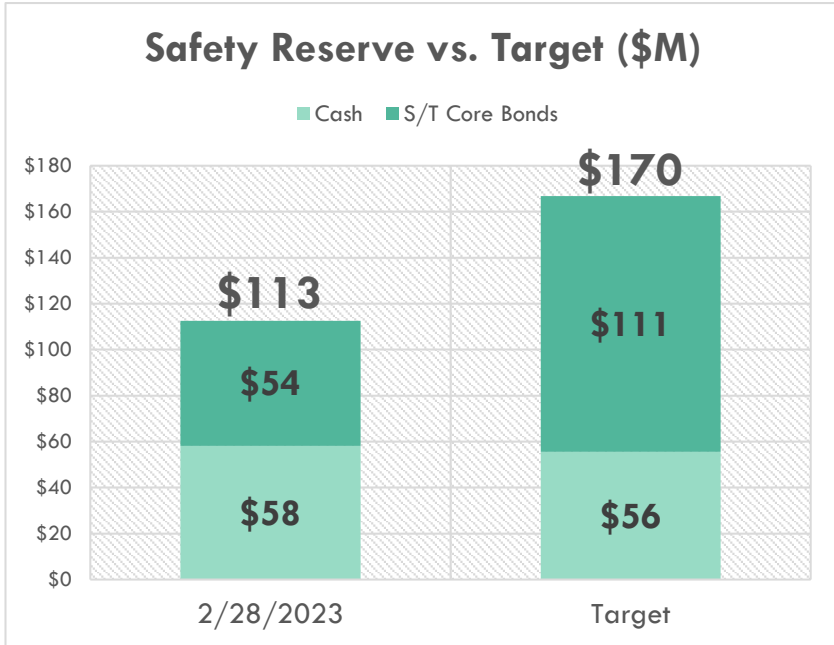
Asset Allocation & Planned Rebalance Detail

DPFP Asset Allocation	2/28/2023			Post Rebal. Pro		Post Rebal. Pro		Post Rebal. Pro		
	NAV	%	Rebalancing	NAV	%	\$ mil.	%	\$ mil.	%	% of Target
Equity	1,120	60.4%	15.0	1,135	61.2%	1,205	65%	-70	-3.8%	94%
Global Equity	796	42.9%	15.0	811	43.7%	1,020	55%	-209	-11.3%	80%
<i>Boston Partners</i>	<i>132</i>	<i>7.1%</i>		<i>132</i>	<i>7.1%</i>	<i>148</i>	<i>8%</i>	<i>-16</i>	<i>-0.9%</i>	<i>89%</i>
<i>Manulife</i>	<i>126</i>	<i>6.8%</i>		<i>126</i>	<i>6.8%</i>	<i>148</i>	<i>8%</i>	<i>-22</i>	<i>-1.2%</i>	<i>85%</i>
<i>Invesco (OFI)</i>	<i>126</i>	<i>6.8%</i>		<i>126</i>	<i>6.8%</i>	<i>148</i>	<i>8%</i>	<i>-23</i>	<i>-1.2%</i>	<i>85%</i>
<i>Walter Scott</i>	<i>131</i>	<i>7.1%</i>		<i>131</i>	<i>7.1%</i>	<i>148</i>	<i>8%</i>	<i>-17</i>	<i>-0.9%</i>	<i>88%</i>
<i>Northern Trust ACWI IMI Index</i>	<i>173</i>	<i>9.3%</i>	<i>15.0</i>	<i>188</i>	<i>10.1%</i>	<i>278</i>	<i>15%</i>	<i>-90</i>	<i>-4.9%</i>	<i>68%</i>
<i>Eastern Shore US Small Cap</i>	<i>52</i>	<i>2.8%</i>		<i>52</i>	<i>2.8%</i>	<i>74</i>	<i>4%</i>	<i>-22</i>	<i>-1.2%</i>	<i>70%</i>
<i>Global Alpha Intl Small Cap</i>	<i>56</i>	<i>3.0%</i>		<i>56</i>	<i>3.0%</i>	<i>74</i>	<i>4%</i>	<i>-18</i>	<i>-1.0%</i>	<i>76%</i>
Emerging Markets Equity - RBC	86	4.6%		86	4.6%	93	5%	-7	-0.4%	92%
Private Equity*	239	12.9%		239	12.9%	93	5%	146	7.9%	257%
Fixed Income	406	21.9%	-15.0	391	21.1%	463	25%	-73	-3.9%	84%
Cash	73	3.9%	-15.0	58	3.1%	56	3%	3	0.1%	105%
S/T Investment Grade Bonds - IR+M	54	2.9%		54	2.9%	111	6%	-57	-3.1%	49%
Investment Grade Bonds - Longfellow	67	3.6%		67	3.6%	74	4%	-7	-0.4%	90%
Bank Loans - Pacific Asset Management	74	4.0%		74	4.0%	74	4%	0	0.0%	100%
High Yield Bonds - Loomis Sayles	70	3.8%		70	3.8%	74	4%	-5	-0.2%	94%
Emerging Markets Debt - MetLife	62	3.4%		62	3.4%	74	4%	-12	-0.6%	
Private Debt*	5	0.3%		5	0.3%	0	0%	5	0.3%	
Real Assets*	328	17.7%	0.0	328	17.7%	185	10%	142	7.7%	177%
Real Estate*	168	9.1%		168	9.1%	93	5%	75	4.1%	181%
Natural Resources*	108	5.8%		108	5.8%	93	5%	15	0.8%	116%
Infrastructure*	52	2.8%		52	2.8%	0	0%	52	2.8%	
Total	1,854	100.0%	0.0	1,854	100.0%	1,854	100%	0	0.0%	
Safety Reserve ~\$162M=18 mo net CF	128	6.9%	-15.0	113	6.1%	167	9%	-54	-2.9%	67%
*Private Market Assets	572	30.8%	0.0	572	30.8%	278	15%	294	15.8%	

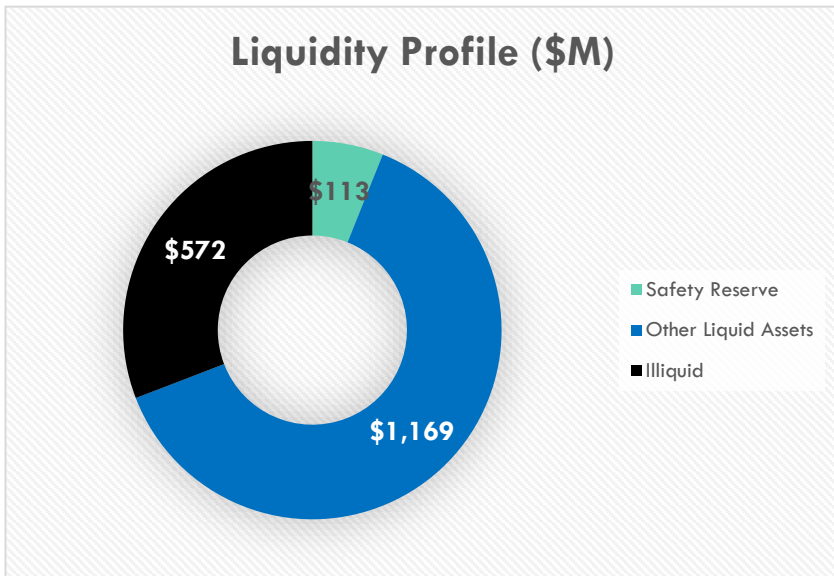
Source: Preliminary JP Morgan Custodial Data, Staff Estimates and Calculations.

Numbers may not foot due to rounding

Safety Reserve Dashboard (Post-Rebalance)



Projected Net Monthly outflows of **\$9.6M** per month. Safety Reserve of **\$113M** would cover net monthly outflows for next **12 months** or through **Feb 2024**.



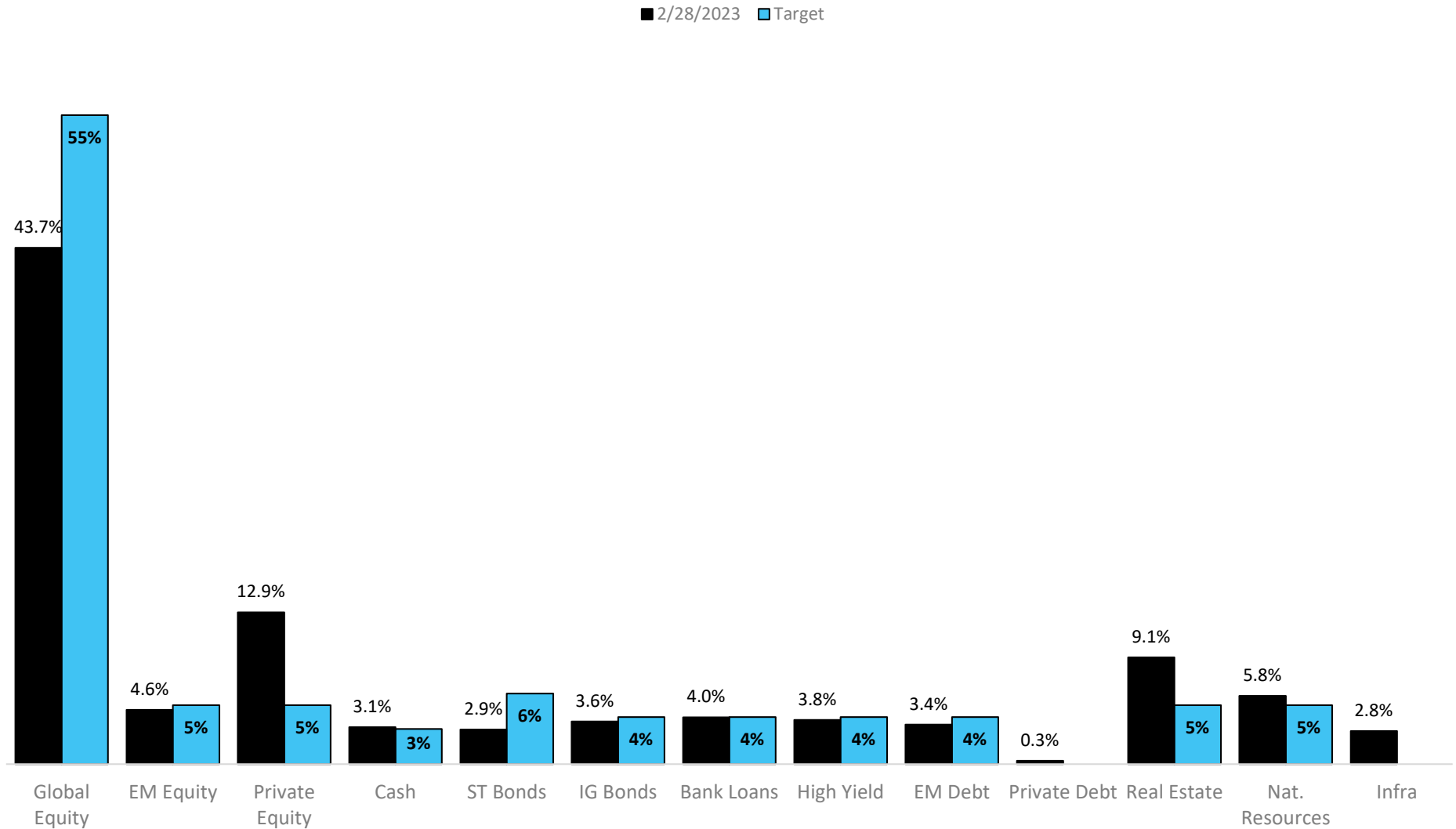
Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	2/28/23		\$54.1	2.9%
City Contribution	3/10/23	\$8.8	\$62.9	3.4%
City Contribution	3/24/23	\$8.8	\$71.7	3.9%
Pension Payroll	3/24/23	(\$27.8)	\$43.9	2.4%
City Contribution	4/7/23	\$8.8	\$52.7	2.8%
City Contribution	4/21/23	\$8.8	\$61.5	3.3%
Pension Payroll	4/28/23	(\$27.8)	\$33.7	1.8%
City Contribution	5/5/23	\$8.8	\$42.5	2.3%
City Contribution	5/19/23	\$8.8	\$51.3	2.8%
Pension Payroll	5/31/23	(\$27.8)	\$23.5	1.3%
City Contribution	6/2/23	\$8.8	\$32.3	1.7%
City Contribution	6/16/23	\$8.8	\$41.1	2.2%
City Contribution	6/30/23	\$8.8	\$49.9	2.7%
Pension Payroll	6/30/23	(\$27.8)	\$22.1	1.2%

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 (Post-Rebalance)



2023 Board Investment Review Plan*

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

March	<ul style="list-style-type: none"> • Real Estate: Clarion Presentation
April	<ul style="list-style-type: none"> • Real Estate: AEW Presentation
May	<ul style="list-style-type: none"> • Natural Resources: Hancock Presentation
June	<ul style="list-style-type: none"> • Natural Resources: Staff review of BTG Pactual (Timber)
August	<ul style="list-style-type: none"> • Infrastructure: Staff review of AIRRO and JPM Maritime
September	<ul style="list-style-type: none"> • Staff review of Public Fixed Income managers
October	<ul style="list-style-type: none"> • Staff review of Public Equity managers
November	<ul style="list-style-type: none"> • Staff review of Private Equity and Debt

*Presentation schedule is subject to change.



DISCUSSION SHEET

ITEM #C6

Topic: **Invesco Global Equity Allocation**

Discussion: Invesco has managed a Global Equity portfolio for DPFP since October 2007 and is one of the four active Global Equity managers in the DPFP portfolio. As of February 28, 2023, DPFP's portfolio managed by Invesco was valued at \$126 million, or 6.8% of the DPFP portfolio. Staff and Meketa will discuss the Invesco portfolio.

Staff

Recommendation: **Available** at Meeting.

Regular Board Meeting – Thursday, March 9, 2023



INVESCO GLOBAL GROWTH EQUITY REVIEW

Date: March 9, 2023
 To: DPFP Board
 From: DPFP Investment Staff
 Subject: Invesco Global Growth Equity

Background:

The Invesco Global Equity strategy has been a part of the public equity portfolio since September 2007, when it was originally managed by OFI Institutional (OFI). Invesco acquired OFI in May 2019. Invesco is one of four Global Equity managers in the DPFP Public Equity portfolio, and one of two growth managers. As of February 28, 2023, the Public Equity allocation was 47.6% with a target of 60%. The four active global equity managers each have a target allocation of 8% and there is a passive allocation to the ACWI IMI with a target of 15%. As of February 28, 2023, the Invesco account was valued at \$126M, or 6.8% of the DPFP portfolio.

DPFP Asset Allocation	2/28/2023		Target			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
Equity	1,120	60.4%	1,205	65%	93%	-85	-4.6%
Public Equity	882	47.6%	1,112	60%	79%	-231	-12.4%
Global Equity	796	42.9%	1,020	55%	78%	-224	-12.1%
<i>Boston Partners</i>	132	7.1%	148	8%	89%	-16	-0.9%
<i>Manulife</i>	126	6.8%	148	8%	85%	-22	-1.2%
<i>Invesco (OFI)</i>	126	6.8%	148	8%	85%	-23	-1.2%
<i>Walter Scott</i>	131	7.1%	148	8%	88%	-17	-0.9%
<i>Northern Trust ACWI IMI Index</i>	173	9.3%	278	15%	62%	-105	-5.7%
<i>Eastern Shore US Small Cap</i>	52	2.8%	74	4%	70%	-22	-1.2%
<i>Global Alpha Intl Small Cap</i>	56	3.0%	74	4%	76%	-18	-1.0%
Emerging Markets Equity - RBC	86	4.6%	93	5%	92%	-7	-0.4%
Private Equity*	239	12.9%	93	5%	257%	146	7.9%

Over the past several months, DPFP staff and Meketa have reviewed the long-term fit of Invesco, due to concerns around changes in portfolio construction after a 2019 Portfolio Manager change and short and medium-term under-performance compared to both the MSCI ACWI and ACWI Growth Indices. While Invesco's performance during 2022's down market was somewhat expected given the higher growth nature of their portfolio, the strategy has now underperformed the ACWI and ACWI Growth benchmarks over trailing 1-, 3-, and 5- year time periods as of 12/31/2022. Most recent performance concerns stem from 2022, when Invesco fell 31.6% compared to a return of -28.3% from the ACWI growth index and -18.1% from the ACWI index.

As of 12/31/2022	1 YR	3 YR	5 YR	Inception (Sept 2007)
Invesco (net of fees)	-31.6%	0.3%	3.2%	5.6%
MSCI ACWI	-18.1%	4.0%	5.2%	4.9%
MSCI ACWI Growth	-28.3%	3.7%	6.5%	5.8%



John Delano also took over as sole Portfolio Manager (“PM”) of the Global Equity strategy in 2019. Mr. Delano was the Co-PM on the strategy from 2015-2019, working alongside the former PM Rajeev Bhaman who retired in 2018. Since Mr. Delano became the sole PM, portfolio concentration has increased. The top 10 holdings in 2018 made up 32% of the portfolio as compared to a 53% concentration in the top 10 holdings in 2022.

Given the concerns, Invesco was invited to provide a portfolio update to the Investment Advisory Committee (IAC) at the December 15, 2022 meeting. The IAC requested staff conduct a further review of the Invesco portfolio and bring a recommendation on how to proceed back to the committee. In late February, staff communicated the recommendation to terminate Invesco to the IAC, who concurred with the recommendation.

Recommendation & Interim Growth Equity Allocation:

After discussing internally and consulting with Meketa, staff recommends the Board terminate Invesco and use Russell Investments as a transition manager until a new active manager is selected. Russell would take over management of the current Invesco holdings and optimize the portfolio to track the ACWI Growth benchmark within an annualized expected tracking error of 0.60%. Staff and Meketa will discuss the Public Equity structure and portfolio in more detail at the March 23, 2023, IAC meeting and expects to recommend initiating a search for a replacement Active Global Growth Equity manager.



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Carlsbad, CA 92008

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Meketa.com

MEMORANDUM

TO: Investment Staff, Dallas Police & Fire Pension System
FROM: Leandro Festino, Aaron Lally, Hayley Tran, Colin Kowalski, Meketa Investment Group
DATE: March 9, 2023
RE: Invesco Global Growth Equity

Background

After a period of closely monitoring Invesco Global Growth Equity after recent underperformance, Staff has decided to move forward with a recommendation to terminate the strategy in the first quarter of 2023. This document provides a high-level review of the IPS' guidance on manager monitoring and the factors that ultimately led to the recommendation to terminate the strategy.

Investment Monitoring

Section 7-B (Investment monitoring) of the IPS places responsibility of ongoing manager monitoring on staff and the consultant using qualitative and quantitative factors. The full IPS language and criteria regarding investment monitoring can be found in the appendix of this document.

Staff and Meketa agree that the manager did not meet several of the key metrics explicitly laid out in the IPS. We highlight below both quantitative and qualitative examples where the manager fell short in our opinion.

Although the Fund's philosophy and process did not immediately change with the departure of lead PM Rajeev Bhaman in 2019, the reshuffling of the team seems to have had adverse effects on strategy performance consistency the past few years. This inconsistency has become more pronounced as of late. Since Mr. Bhaman's departure, the number of holdings has decreased and conversely the concentration in the top 10 names has increased, constituting a material change in portfolio construction due to Mr. Delano's (the new PM) high conviction investment approach.

Personnel turnover has also been a concern at the analyst level and was likely heightened after the corporate transaction (Invesco purchase of OFI). Seven analysts and PMs on the dedicated Global Equity team either retired or moved to other firms within the past five years.

From a quantitative performance perspective, several of the IPS' criteria have not been met. Long-term (3-5 years) performance relative to benchmarks (MSCI ACWI and MSCI ACWI Growth) has meaningfully underperformed and there has been large short-term performance variance.

Summary

Meketa supports the decision to part ways with Invesco at this point. We would be pleased to elaborate on this topic when we attend the March 2023 IAC and Board of Trustees meetings.



March 9, 2023

DPFP Investment Staff's due diligence and ultimate recommendation to terminate Invesco has been thorough, transparent and carried out under the guidance of the IAC, with extensive collaboration with Meketa. We believe that Staff, the IAC, and Meketa's investment monitoring efforts with regard to Invesco follow the guidance provided in the Investment Policy Statement and are consistent with industry best practices.

If we can be of assistance, please don't hesitate to contact us at (760) 795-3450.

LF/AL/HT/CK/sf



Appendix

Section 7- B (Investment Monitoring)

1. Staff and Consultant(s) are responsible for ongoing monitoring of all Investment Managers using qualitative and quantitative factors as appropriate.
2. Qualitative factors may include:
 - a. Consistent implementation of philosophy and process;
 - b. Ownership changes or departure of key personnel;
 - c. Assets under management at the firm and product level;
 - d. Conflicts of interest;
 - e. Material litigation or regulatory challenges involving the investment manager;
 - f. Adequate reporting and transparency; and
 - g. Material client-servicing problems.
3. Quantitative factors may include:
 - a. Long-term (3-5 years) performance relative to assigned benchmarks;
 - b. Unusually large short-term performance variance (over or under); and
 - c. Risk metrics such as volatility, drawdown, and tracking error.
4. Staff and the Consultant will highlight Investment Manager concerns to the IAC and the Board and recommend an appropriate course of action.



DALLAS POLICE AND FIRE PENSION SYSTEM

GLOBAL EQUITY INTERIM STRATEGY ANALYSIS

Pre-Transition Analysis – Initial Phase into Interim

FEBRUARY 2023

**EMBRACE
THE POSS/IBLE®**

Transition to RIIS optimized interim portfolio

LEGACY PORTFOLIO (as of 21-Feb)			
Manager	Mandate	Market Value	Weight
Invesco	Global Equity	124,835,303	100.0%
Legacy portfolio value		124,835,303	100.0%

TARGET PORTFOLIO (as of 21-Feb)			
Manager	Mandate	Market Value	Weight
Russell Optimized	MSCI ACWI Growth	124,835,303	100.0%
Target portfolio value		124,835,303	100.0%

After analyzing the cost and benefits of several interim management strategies, the RIIS optimized custom portfolio using the existing Invesco portfolio will be the optimal strategy for this interim period. Options analyzed below:

Interim Portfolio Options	Transaction Cost	Annual Mgmt Fee	Tracking Error to ACWI Growth
MSCI ACWI IMI (CIT)	21.5 bps	10 bps	3.85%
ETF Basket (65%IWF/24%EFG/11%EEM)	20.5 bps	28 bps	1.22%
*RIIS Interim Portf Mgmt	19.0 bps	12 bps	0.60%

**Optimal interim strategy*

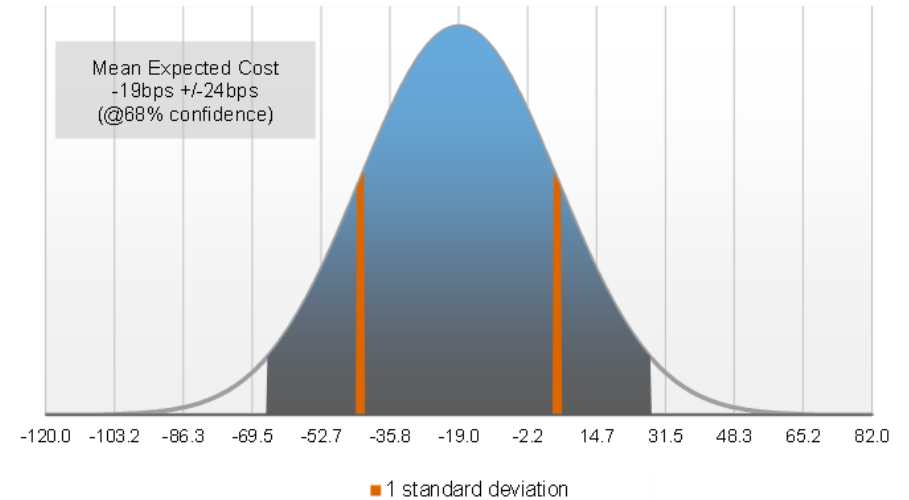
This strategy was selected due to its low cost, low tracking error to the index and flexibility. The expected duration of the interim mandate is approximately six months; however, RIIS will manage the portfolio longer if needed.

- 19% of Invesco securities are retained in-kind with the RIIS interim portfolio.
- RIIS will manage portfolio during the interim period, rebalancing when needed to keep portfolio close to 0.60% tracking error.(Securities are limited to countries currently available in the custody account)
- RIIS provides complete transition reporting and monthly performance reporting for interim mandate.

Estimated transition costs

Estimated Portfolio Summary			
Assets	Value	Weight	
Portfolio value	124,835,303	100.0%	
Equity security value	124,835,303	100.0%	
Cash value	-	0.0%	
Retained security value	23,822,619	19.1%	
Value traded	202,025,365	161.8%	
Estimated Cost Summary			
Expected costs	Value	% of portfolio	% of value traded
Explicit impact	80,799	6.5 bp	4.0 bp
Equity brokerage	45,882	3.7 bp	2.3 bp
Equity TM brokerage	33,815	2.7 bp	1.7 bp
Clearing & access costs	12,067	1.0 bp	0.6 bp
Foreign exchange brokerage	4,290	0.3 bp	0.2 bp
Taxes and market fees	30,627	2.5 bp	1.5 bp
Implicit impact	155,998	12.5 bp	7.7 bp
Equity spread and impact	143,185	11.5 bp	7.1 bp
Foreign exchange spread and impact	12,812	1.0 bp	0.6 bp
Expected transaction cost	236,797	19.0 bp	11.7 bp
Opportunity cost (+/-)	299,605	24.0 bp	14.8 bp

Transition cost outcomes

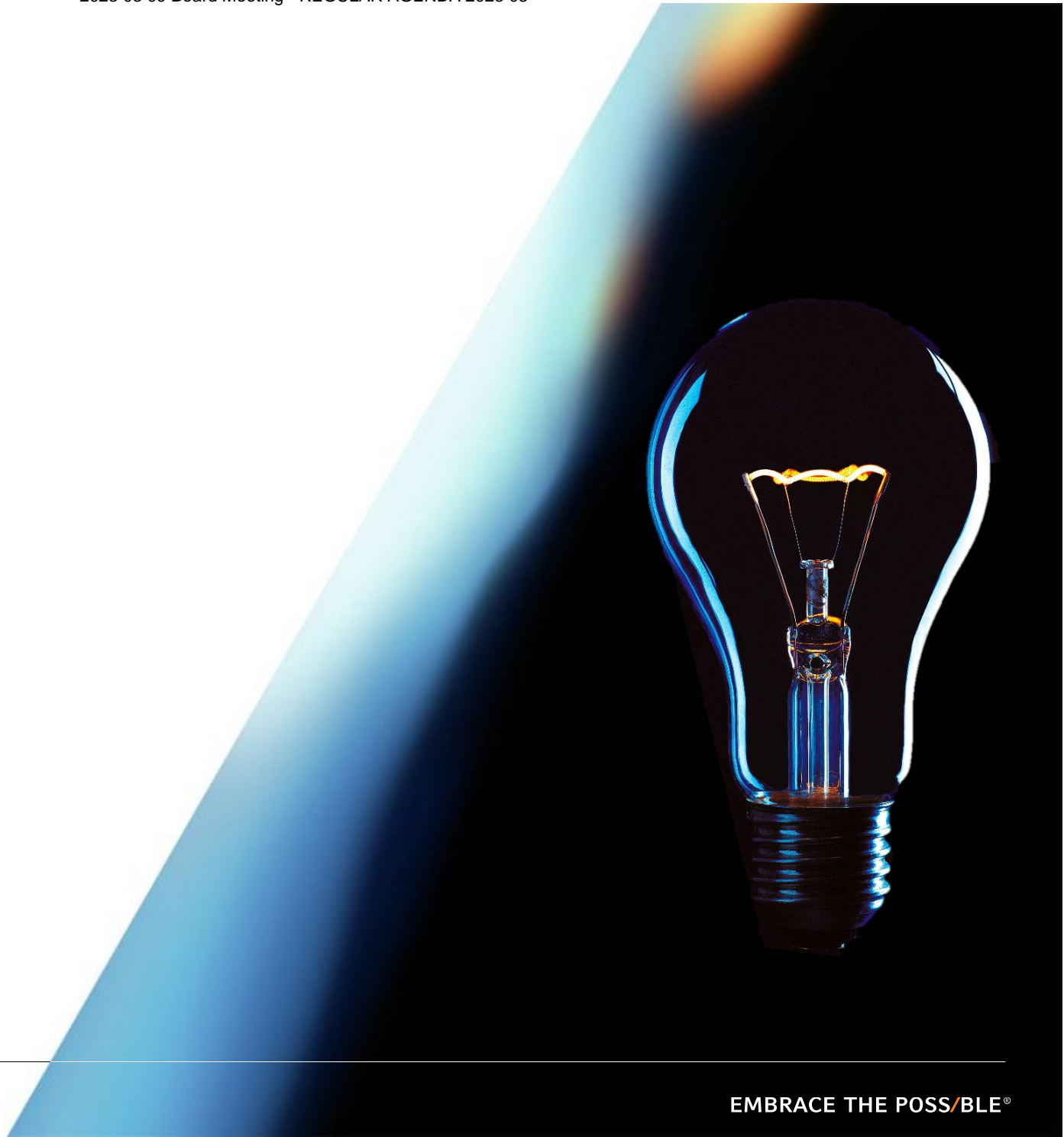


Other information

- > The management fee for the interim strategy will be 1bp per month
- > At the end of the interim period, the interim portfolio will be transitioned to the new MSCI ACWI Growth manager by RIIS
- > 1 day of trading to complete transition



THANK YOU





DISCUSSION SHEET

ITEM #C7

Topic: **Fourth Quarter 2022 Investment Performance Analysis and Third Quarter 2022 Private Markets & Real Assets Review**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

Attendees: Leandro Festino, Managing Principal - Meketa Investment Group
Colin Kowalski, Investment Analyst - Meketa Investment Group

Discussion: Meketa and Investment Staff will review investment performance.

Regular Board Meeting – Thursday, March 9, 2023



Dallas Police & Fire Pension System

December 31, 2022

Fund Evaluation Report



Dallas Police & Fire Pension System

Agenda

Agenda

1. Executive Summary
2. Performance Update as of December 31, 2022
3. Disclaimer, Glossary, and Notes

Executive Summary As of December 31, 2022



Dallas Police & Fire Pension System

Executive Summary

DPFP Trailing One-Year Flash Summary

Category	Results	Notes
Total Fund Performance Return	Negative	-2.2%
Performance vs. Policy Index	Outperformed	-2.2% vs. -12.3%
Performance vs. Peers ¹	Outperformed	-2.2% vs. -12.3% median (1st percentile)
Asset Allocation vs. Targets	Positive	Overweight real estate and underweight global equity helped
Public Active Management	Mixed	5 of 10 ² active public managers beat benchmarks
DPFP Public Markets vs. 60/40 ³	Outperformed	-14.2% vs. -17.4%
DPFP Public Markets vs. Peers	Underperformed	-14.2% vs. -12.3%
Safety Reserve Exposure	Sufficient	\$128 million (approximately 7.0%)
Compliance with Targets	Yes	All asset classes in compliance

¹ InvestorForce Public DB \$1-5 billion net.

² Metlife Emerging Market Debt and Global Alpha Int'l Small Cap are excluded as they do not have a year track record yet.

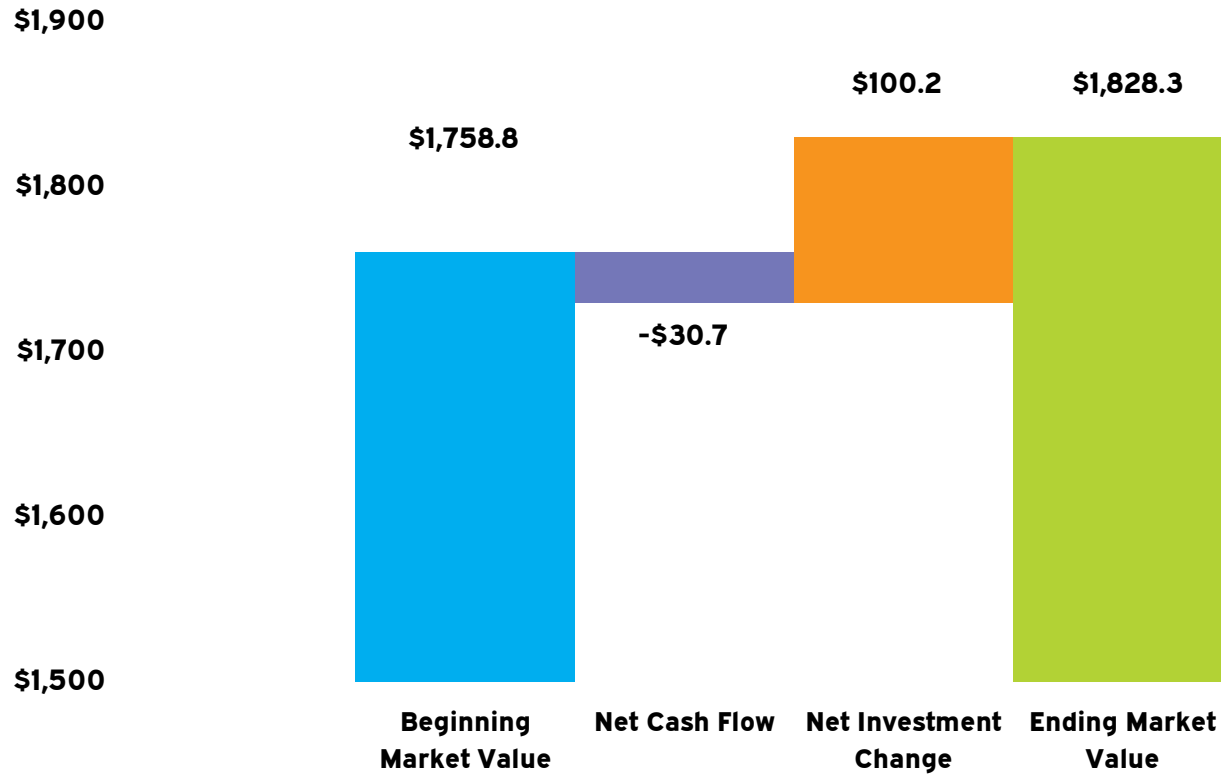
³ Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.



Dallas Police & Fire Pension System

Executive Summary

Quarterly Change in Market Value



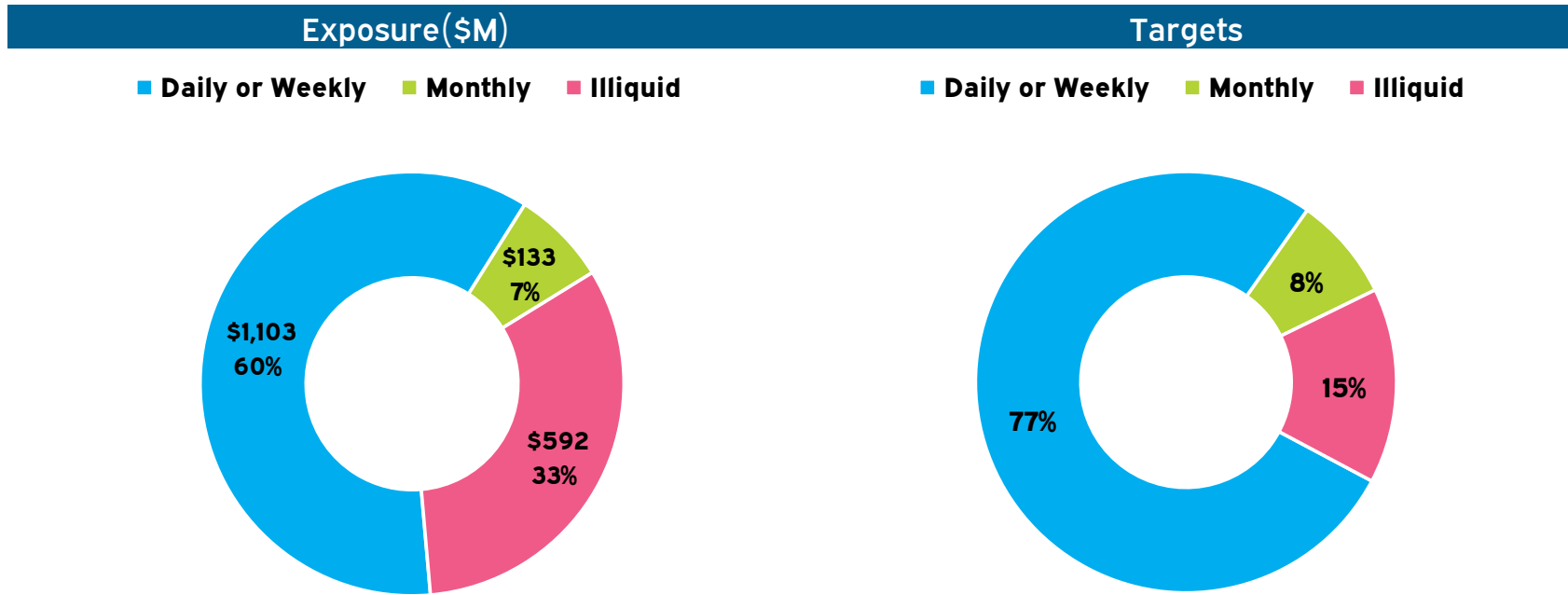
→ Total market value increased due to positive net investment change.



Dallas Police & Fire Pension System

Executive Summary

Liquidity Exposure
As of December 31, 2022



Approximately 33% of the DFPF's assets are illiquid versus 15% of the target allocation.



Dallas Police & Fire Pension System

Executive Summary

Quarterly Manager Scorecard

	1 Yr Outperformance vs. Benchmark	3 Yr Outperformance vs. Benchmark	5 Yr Outperformance vs. Benchmark
Boston Partners Global Equity Fund	Yes	Yes	No
Manulife Global Equity Strategy	Yes	Yes	Yes
Invesco (fka OFI) Global Equity	No	No	No
Walter Scott Global Equity Fund	No	Yes	Yes
Eastern Shore US Small Cap	No	NA	NA
Global Alpha Int'l Small Cap	NA	NA	NA
RBC Emerging Markets Equity	Yes	Yes	Yes
IR&M 1-3 Year Strategy	Yes	Yes	Yes
Longfellow Core Fixed Income	No	NA	NA
Pacific Asset Management (Bank) Loans	Yes	Yes	Yes
Loomis High Yield Fund	No	NA	NA
Metlife Emerging Markets Debt	NA	NA	NA

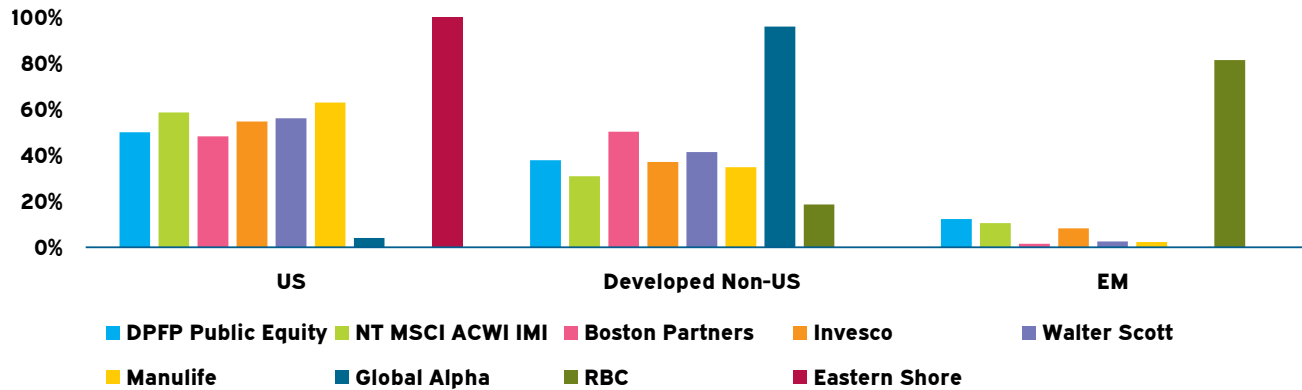


Dallas Police & Fire Pension System

Executive Summary

Equity Regional Exposure¹

	Market Value (\$)	% of DFPF Public Equity	US (%)	Developed Non-US (%)	EM (%)
NT MSCI ACWI IMI	165,671,212	20	59	31	11
Boston Partners	125,589,109	15	48	50	2
Walter Scott	125,509,296	15	56	41	3
Manulife	122,538,539	15	63	35	2
Invesco	117,909,037	14	55	37	8
RBC	83,411,311	10	0	19	81
Eastern Shore	48,267,366	6	100	0	0
Global Alpha	51,873,395	6	4	96	0
DFPF Public Equity	840,769,265	100	50	38	12
<i>MSCI ACWI IMI</i>			<i>59</i>	<i>31</i>	<i>11</i>



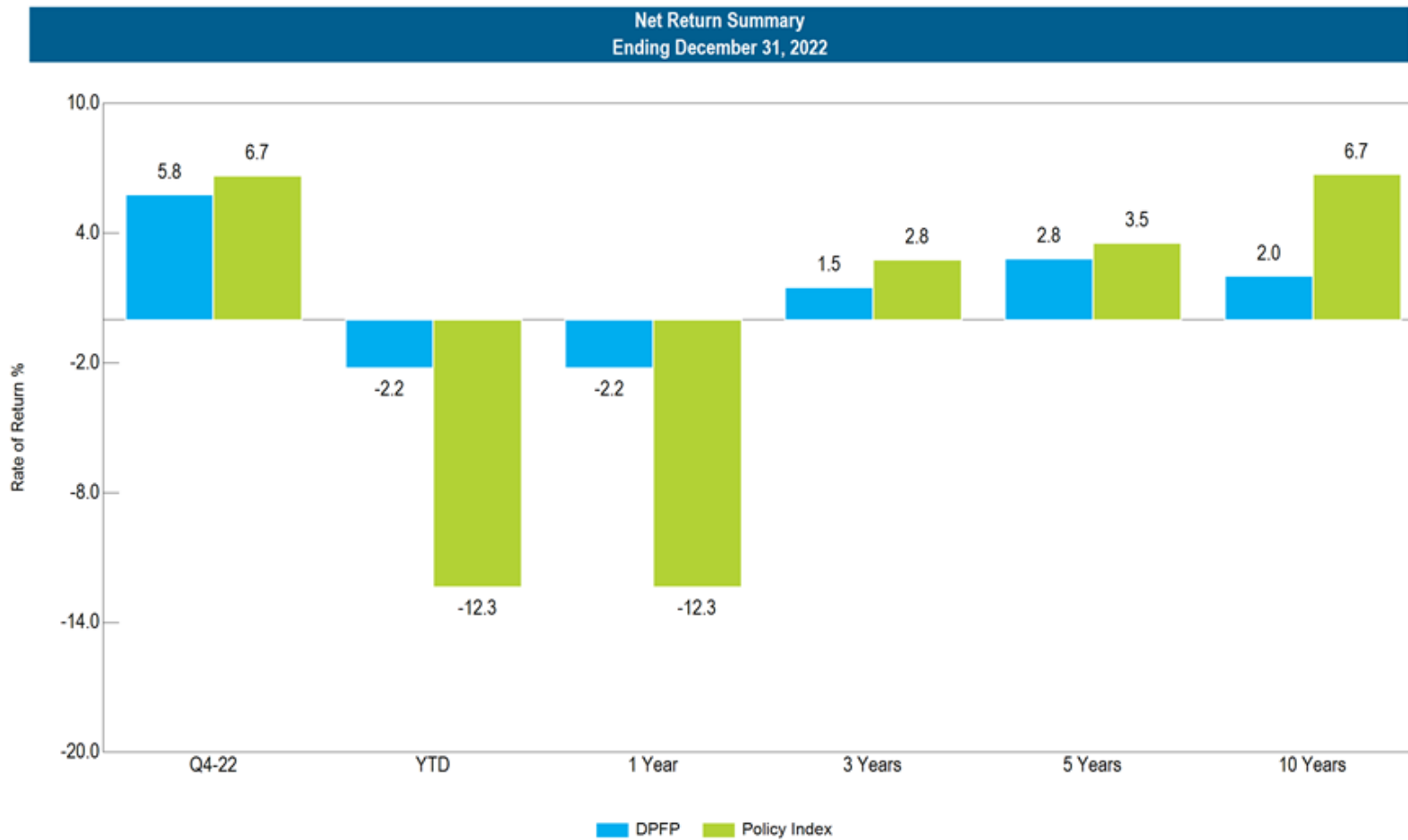
¹ Percentages may not always sum to 100% due to rounding. Given the multinational nature of many of the underlying holdings in these strategies, country allocation is not always clear and can vary between different data sources.

Performance Update
As of December 31, 2022



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

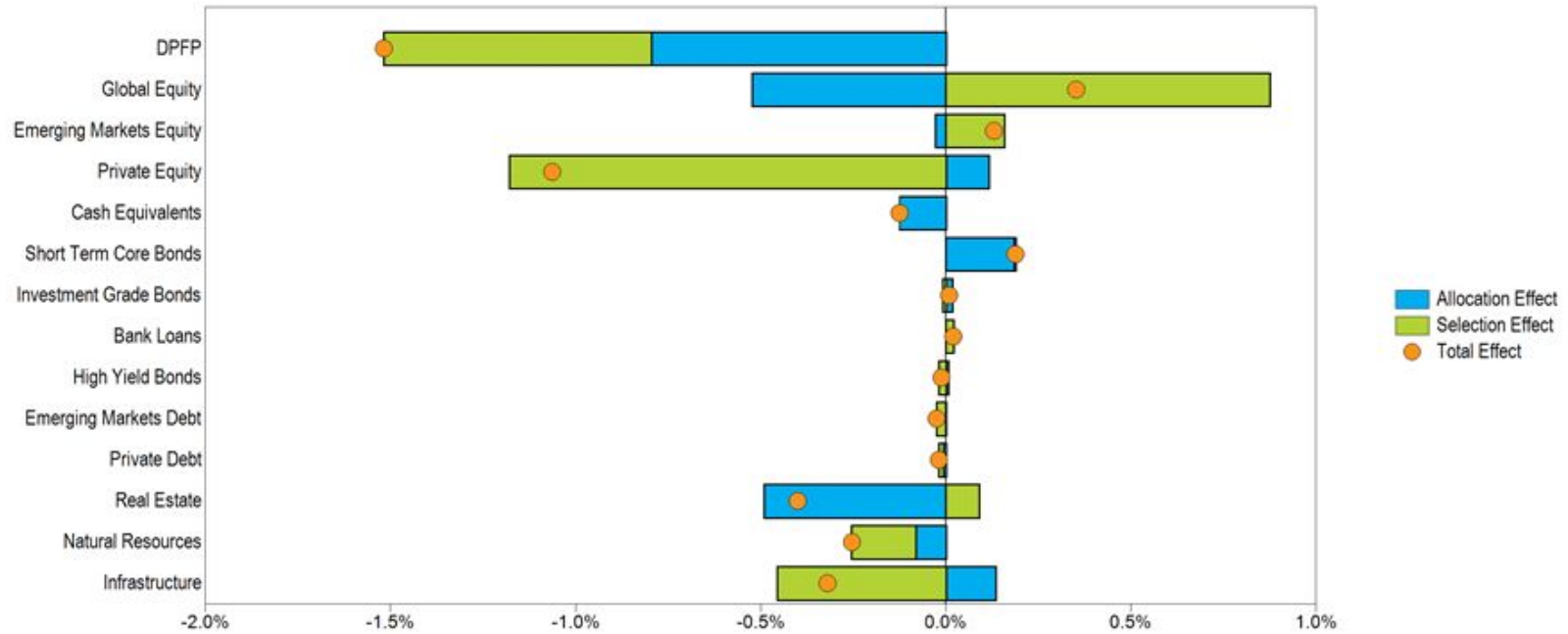




Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Attribution Effects vs. Policy Benchmark 3 Months Ending December 31, 2022



Attribution Summary 3 Months Ending December 31, 2022						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total	5.7%	7.2%	-1.5%	-0.7%	-0.8%	-1.5%

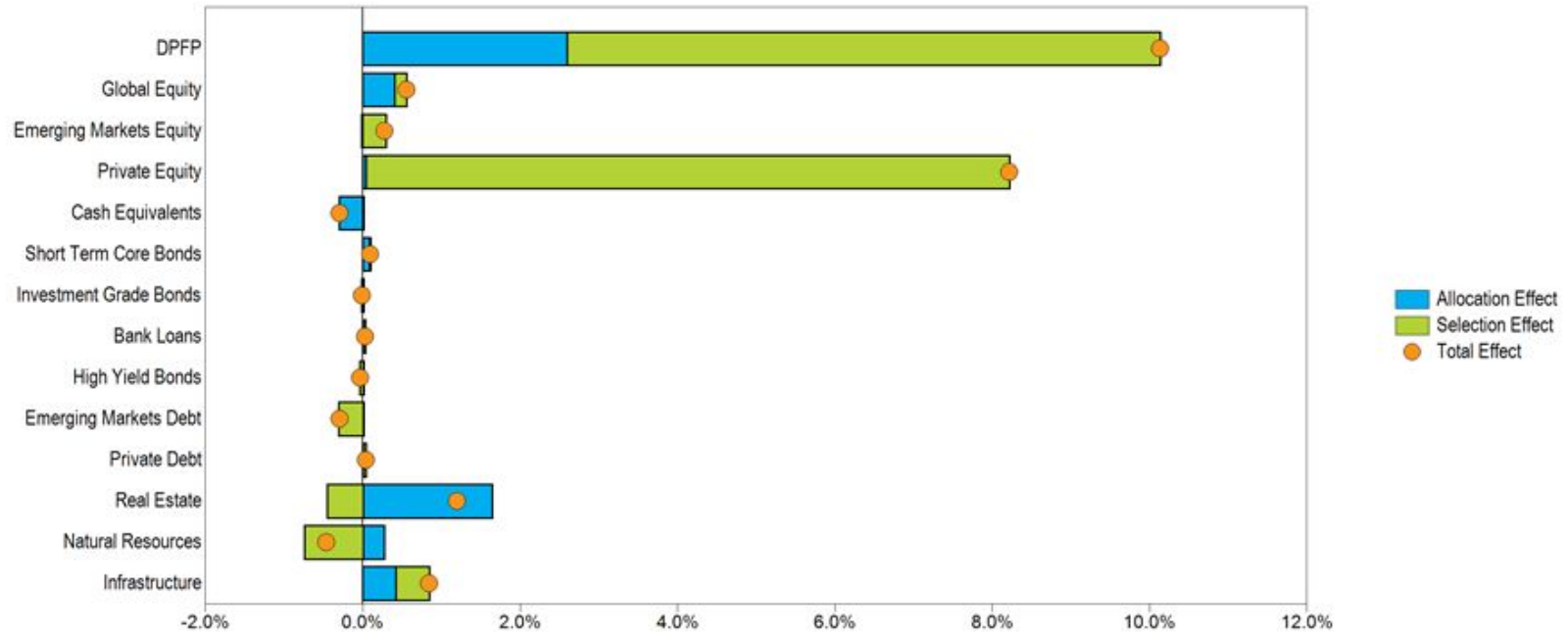
The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Attribution Effects vs. Policy Benchmark
1 Year Ending December 31, 2022



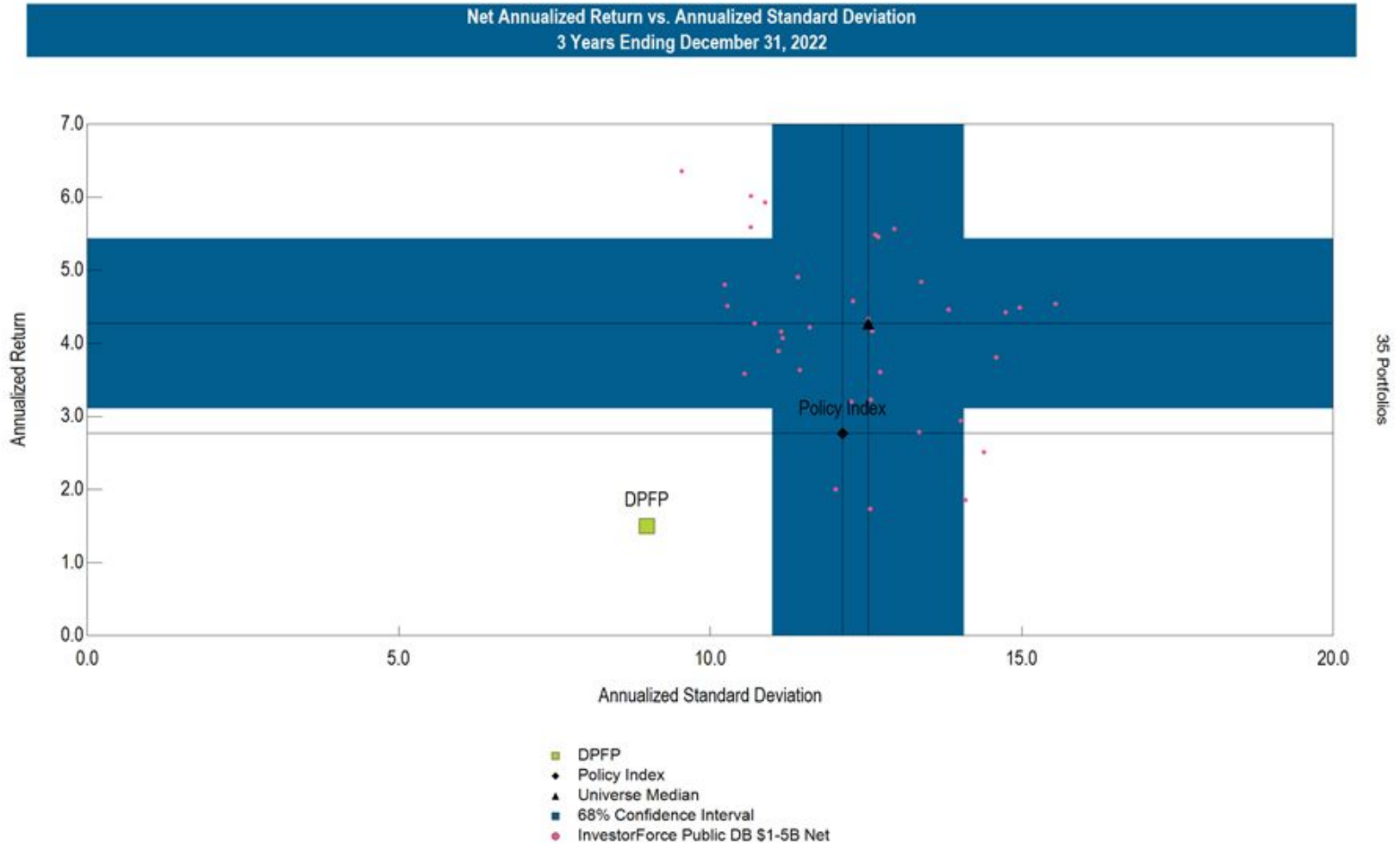
Attribution Summary 1 Year Ending December 31, 2022						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total	-2.4%	-12.5%	10.1%	7.5%	2.6%	10.1%

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022





Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
DPFP	1,828,311,568	100.0	5.8	-2.2	-2.2	1.5	2.8	2.0	5.4	Jun-96
<i>Policy Index</i>			6.7	-12.3	-12.3	2.8	3.5	6.7	--	Jun-96
<i>Allocation Index</i>			4.4	-10.5	-10.5	3.7	4.4	7.3	6.9	Jun-96
<i>Total Fund Ex Private Markets</i>			9.2	-14.2	-14.2	2.3	3.5	4.9	5.2	Jun-96
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>			7.8	-17.4	-17.4	0.8	2.6	4.7	5.6	Jun-96
Global Equity	757,357,954	41.4	12.2	-18.0	-18.0	4.4	6.0	8.9	6.5	Jul-06
<i>MSCI ACWI IMI Net USD</i>			9.8	-18.4	-18.4	3.9	5.0	7.9	6.0	Jul-06
Emerging Markets Equity	83,411,311	4.6	13.5	-14.0	-14.0	-1.4	0.3	--	0.3	Jan-18
<i>MSCI Emerging Markets IMI Net</i>			9.5	-19.8	-19.8	-1.8	-1.1	1.6	-1.1	Jan-18
Private Equity	239,083,234	13.1	-0.1	114.8	114.8	0.2	4.3	-2.3	0.7	Oct-05
<i>Russell 3000 +2% Lagged</i>			7.7	-17.6	-17.6	9.8	11.8	15.3	12.0	Oct-05
Cash Equivalents	74,005,685	4.0	0.8	1.5	1.5	0.8	1.3	--	1.2	Apr-15
<i>91 Day T-Bills</i>			0.8	1.5	1.5	0.6	1.2	0.7	0.9	Apr-15
Short Term Core Bonds	54,145,335	3.0	1.0	-3.5	-3.5	0.2	1.3	--	1.2	Jun-17
<i>Bloomberg US Aggregate 1-3 Yr TR</i>			0.9	-3.7	-3.7	-0.4	0.9	0.9	0.8	Jun-17
Investment Grade Bonds	66,068,671	3.6	1.7	-13.4	-13.4	-2.3	--	--	-2.1	Oct-19
<i>Bloomberg US Aggregate TR</i>			1.9	-13.0	-13.0	-2.7	0.0	1.1	-2.5	Oct-19
Bank Loans	71,516,502	3.9	2.8	-0.5	-0.5	3.1	3.4	--	3.8	Jan-14
<i>Credit Suisse Leveraged Loan</i>			2.3	-1.1	-1.1	2.3	3.2	--	3.5	Jan-14
High Yield Bonds	68,045,659	3.7	3.7	-12.2	-12.2	-0.5	0.7	3.0	4.4	Dec-10
<i>Bloomberg US Corporate High Yield TR</i>			4.2	-11.2	-11.2	0.0	2.3	4.0	5.0	Dec-10
Emerging Markets Debt	61,334,790	3.4	7.4	-22.8	-22.8	-10.8	-5.8	-2.0	-0.1	Dec-10
<i>50% JPM EMBI/50% JPM GBI-EM</i>			8.3	-14.8	-14.8	-5.7	-1.9	-0.3	1.4	Dec-10
Private Debt	4,958,296	0.3	1.3	-0.3	-0.3	23.7	15.8	--	12.4	Jan-16
<i>Barclays Global High Yield +2%</i>			8.5	-10.9	-10.9	0.0	2.4	--	5.7	Jan-16



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Real Estate	178,867,836	9.8	1.4	11.6	11.6	2.8	3.3	-2.1	3.6	Mar-85
<i>NCREIF Property (1 Qtr Lag)</i>			0.6	16.1	16.1	9.9	8.6	9.5	8.2	Mar-85
Natural Resources	112,510,656	6.2	-0.7	-2.2	-2.2	1.3	0.5	2.5	3.1	Dec-10
<i>NCREIF Farmland Total Return Index (1 Qtr Lag)</i>			2.0	10.2	10.2	6.5	6.3	9.5	10.4	Dec-10
Infrastructure	57,005,640	3.1	-1.4	12.5	12.5	13.1	5.0	8.1	8.1	Jul-12
<i>S&P Global Infrastructure TR USD</i>			11.0	-0.2	-0.2	1.7	3.9	6.5	6.9	Jul-12

¹ Please see the Appendix for composition of the Custom Benchmarks. ²As of 12/31/2022, the Safety Reserve exposure was approximately \$128 million (7.0%).

³ All private market data is one quarter lagged, unless otherwise noted.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Trailing Net Performance											
	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
DPFP	1,828,311,568	100.0	--	5.8	-2.2	-2.2	1.5	2.8	2.0	5.4	Jun-96
<i>Policy Index</i>				6.7	-12.3	-12.3	2.8	3.5	6.7	--	Jun-96
<i>Allocation Index</i>				4.4	-10.5	-10.5	3.7	4.4	7.3	6.9	Jun-96
<i>Total Fund Ex Private Markets</i>				9.2	-14.2	-14.2	2.3	3.5	4.9	5.2	Jun-96
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>				7.8	-17.4	-17.4	0.8	2.6	4.7	5.6	Jun-96
<i>InvestorForce Public DB \$1-5B Net Rank</i>				40	1	1	99	99	99	99	Jun-96
Total Equity	1,079,852,498	59.1	59.1	9.2	-3.2	-3.2	1.8	4.6	4.6	4.6	Dec-10
<i>MSCI ACWI IMI Net USD</i>				9.8	-18.4	-18.4	3.9	5.0	7.9	7.2	Dec-10
Public Equity	840,769,265	46.0	77.9	12.3	-17.6	-17.6	4.2	5.6	8.7	6.4	Jul-06
<i>MSCI ACWI IMI Net USD</i>				9.8	-18.4	-18.4	3.9	5.0	7.9	6.0	Jul-06
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>				7.8	-17.4	-17.4	0.8	2.6	4.7	4.7	Jul-06
<i>eV All Global Equity Net Rank</i>				33	48	48	54	47	43	43	Jul-06
Global Equity	757,357,954	41.4	90.1	12.2	-18.0	-18.0	4.4	6.0	8.9	6.5	Jul-06
<i>MSCI ACWI IMI Net USD</i>				9.8	-18.4	-18.4	3.9	5.0	7.9	6.0	Jul-06
<i>eV All Global Equity Net Rank</i>				35	49	49	50	42	38	41	Jul-06
<i>Walter Scott Global Equity Fund</i>	125,509,296	6.9	16.6	12.8	-19.8	-19.8	4.3	8.0	9.3	9.0	Dec-09
<i>MSCI ACWI Net</i>				9.8	-18.4	-18.4	4.0	5.2	8.0	7.8	Dec-09
<i>MSCI ACWI Growth</i>				5.3	-28.6	-28.6	3.8	6.4	9.2	9.0	Dec-09
<i>eV Global Large Cap Growth Eq Net Rank</i>				4	17	17	42	30	56	65	Dec-09
<i>Boston Partners Global Equity Fund</i>	125,589,109	6.9	16.6	18.6	-2.7	-2.7	8.3	5.8	--	7.1	Jul-17
<i>MSCI World Net</i>				9.8	-18.1	-18.1	4.9	6.1	8.9	7.5	Jul-17

¹ All Private Equity market values are one quarter lagged unless otherwise noted.

² 60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index composed of 60% MSCI ACWI (Net)/ 40% Bloomberg Global Aggregate in periods before 2/1/1997.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<i>MSCI World Value</i>				14.7	-6.5	-6.5	4.1	4.1	7.2	5.4	Jul-17
<i>eV Global All Cap Value Eq Net Rank</i>				17	10	10	14	28	--	23	Jul-17
Invesco (fka OFI) Global Equity	117,909,037	6.4	15.6	10.1	-31.2	-31.2	0.4	3.3	8.2	5.5	Oct-07
<i>MSCI ACWI Net</i>				9.8	-18.4	-18.4	4.0	5.2	8.0	4.6	Oct-07
<i>MSCI ACWI Growth</i>				5.3	-28.6	-28.6	3.8	6.4	9.2	5.8	Oct-07
<i>eV Global Large Cap Growth Eq Net Rank</i>				27	68	68	84	91	78	64	Oct-07
Manulife Global Equity Strategy	122,538,539	6.7	16.2	11.4	-14.4	-14.4	4.1	5.9	--	6.5	Jul-17
<i>MSCI ACWI Net</i>				9.8	-18.4	-18.4	4.0	5.2	8.0	6.8	Jul-17
<i>MSCI ACWI Value NR USD</i>				14.2	-7.5	-7.5	3.3	3.5	6.4	4.9	Jul-17
<i>eV Global Large Cap Value Eq Net Rank</i>				92	75	75	48	21	--	23	Jul-17
NT ACWI Index IMI	165,671,212	9.1	21.9	10.3	-17.9	-17.9	--	--	--	-4.4	Apr-21
<i>MSCI ACWI IMI Net USD</i>				9.8	-18.4	-18.4	3.9	5.0	7.9	-4.8	Apr-21
<i>eV Global All Cap Equity Net Rank</i>				58	50	50	--	--	--	51	Apr-21
Eastern Shore US Small Cap	48,267,366	2.6	6.4	5.6	-26.7	-26.7	--	--	--	-17.6	Oct-21
<i>Russell 2000</i>				6.2	-20.4	-20.4	3.1	4.1	9.0	-15.3	Oct-21
<i>eV US Small Cap Equity Net Rank</i>				79	82	82	--	--	--	76	Oct-21
Global Alpha International Small Cap	51,873,395	2.8	6.8	15.4	--	--	--	--	--	-8.9	May-22
<i>MSCI EAFE Small Cap</i>				15.8	-21.4	-21.4	-0.9	0.0	6.2	-7.7	May-22
<i>eV Global Small Cap Equity Net Rank</i>				8	--	--	--	--	--	78	May-22
Emerging Markets Equity	83,411,311	4.6	9.9	13.5	-14.0	-14.0	-1.4	0.3	--	0.3	Jan-18
<i>MSCI Emerging Markets IMI Net</i>				9.5	-19.8	-19.8	-1.8	-1.1	1.6	-1.1	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				10	20	20	49	33	--	33	Jan-18



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
RBC Emerging Markets Equity	83,411,311	4.6	100.0	13.5	-14.0	-14.0	-1.4	0.3	--	0.3	Jan-18
<i>MSCI Emerging Markets IMI Net</i>				9.5	-19.8	-19.8	-1.8	-1.1	1.6	-1.1	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				10	20	20	49	33	--	33	Jan-18
Private Equity	239,083,234	13.1	22.1	-0.1	114.8	114.8	0.2	4.3	-2.3	0.7	Oct-05
<i>Russell 3000 +2% Lagged</i>				7.7	-17.6	-17.6	9.8	11.8	15.3	12.0	Oct-05
Total Fixed Income and Cash	400,074,937	21.9	21.9	2.7	-8.4	-8.4	-1.1	0.5	1.8	4.1	Jul-06
<i>Bloomberg Multiverse TR</i>				4.7	-16.0	-16.0	-4.4	-1.6	-0.3	2.3	Jul-06
<i>eV All Global Fixed Inc Net Rank</i>				74	23	23	35	50	48	29	Jul-06
Cash Equivalents	74,005,685	4.0	18.5	0.8	1.5	1.5	0.8	1.3	--	1.2	Apr-15
<i>91 Day T-Bills</i>				0.8	1.5	1.5	0.6	1.2	0.7	0.9	Apr-15
Public Fixed Income	321,110,957	17.6	80.3	3.3	-9.7	-9.7	-1.5	0.3	2.0	3.5	Dec-10
<i>Bloomberg Multiverse TR</i>				4.7	-16.0	-16.0	-4.4	-1.6	-0.3	0.6	Dec-10
<i>eV All Global Fixed Inc Net Rank</i>				65	27	27	41	54	46	23	Dec-10
Short Term Core Bonds	54,145,335	3.0	16.9	1.0	-3.5	-3.5	0.2	1.3	--	1.2	Jun-17
<i>Bloomberg US Aggregate 1-3 Yr TR</i>				0.9	-3.7	-3.7	-0.4	0.9	0.9	0.8	Jun-17
<i>IR&M 1-3 Year Strategy</i>	54,145,335	3.0	100.0	1.0	-3.5	-3.5	0.2	1.3	--	1.2	Jul-17
<i>Bloomberg US Aggregate 1-3 Yr TR</i>				0.9	-3.7	-3.7	-0.4	0.9	0.9	0.8	Jul-17
<i>eV US Short Duration Fixed Inc Net Rank</i>				58	38	38	17	14	--	22	Jul-17
Investment Grade Bonds	66,068,671	3.6	20.6	1.7	-13.4	-13.4	-2.3	--	--	-2.1	Oct-19
<i>Bloomberg US Aggregate TR</i>				1.9	-13.0	-13.0	-2.7	0.0	1.1	-2.5	Oct-19
<i>eV US Core Fixed Inc Net Rank</i>				63	70	70	43	--	--	42	Oct-19

¹ All Private Equity market values are one quarter lagged unless otherwise noted.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Longfellow Core Fixed Income	66,068,671	3.6	100.0	1.7	-13.4	-13.4	--	--	--	-5.2	Jul-20
<i>Bloomberg US Aggregate TR</i>				1.9	-13.0	-13.0	-2.7	0.0	1.1	-5.5	Jul-20
<i>eV US Core Fixed Inc Net Rank</i>				63	70	70	--	--	--	47	Jul-20
Bank Loans	71,516,502	3.9	22.3	2.8	-0.5	-0.5	3.1	3.4	--	3.8	Jan-14
<i>Credit Suisse Leveraged Loan</i>				2.3	-1.1	-1.1	2.3	3.2	--	3.5	Jan-14
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				36	25	25	2	8	--	7	Jan-14
Pacific Asset Mgmt Corporate (Bank) Loans	71,516,502	3.9	100.0	2.8	-0.5	-0.5	2.4	3.3	--	3.4	Aug-17
<i>Credit Suisse Leveraged Loan</i>				2.3	-1.1	-1.1	2.3	3.2	--	3.3	Aug-17
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				36	25	25	16	10	--	11	Aug-17
High Yield Bonds	68,045,659	3.7	21.2	3.7	-12.2	-12.2	-0.5	0.7	3.0	4.4	Dec-10
<i>Bloomberg US Corporate High Yield TR</i>				4.2	-11.2	-11.2	0.0	2.3	4.0	5.0	Dec-10
<i>eV US High Yield Fixed Inc Net Rank</i>				66	91	91	75	99	90	65	Dec-10
Loomis US High Yield Fund	68,045,659	3.7	100.0	3.7	-12.2	-12.2	--	--	--	-4.6	Jan-21
<i>Bloomberg US High Yield 2% Issuer Cap TR</i>				4.2	-11.2	-11.2	0.0	2.3	4.0	-3.3	Jan-21
<i>eV US High Yield Fixed Inc Net Rank</i>				66	91	91	--	--	--	97	Jan-21
Emerging Markets Debt	61,334,790	3.4	19.1	7.4	-22.8	-22.8	-10.8	-5.8	-2.0	-0.1	Dec-10
<i>50% JPM EMBI/50% JPM GBI-EM</i>				8.3	-14.8	-14.8	-5.7	-1.9	-0.3	1.4	Dec-10
<i>eV All Emg Mkts Fixed Inc Net Rank</i>				68	99	99	99	99	92	80	Dec-10

Asmore EM Blended Debt was fully redeemed at the end of September and the full redemption amount was used to fund Metlife EM Debt in October 2022.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Metlife Emerging Markets Debt Blend	61,334,790	3.4	100.0	7.4	--	--	--	--	--	7.4	Oct-22
<i>35% JPMEBBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Diversified Global Index eV All Emg Mkts Fixed Inc Net Rank</i>				6.8	--	--	--	--	--	6.8	Oct-22
				68	--	--	--	--	--	68	Oct-22
Private Debt	4,958,296	0.3	1.2	1.3	-0.3	-0.3	23.7	16.7	--	8.3	Jan-16
<i>Bloomberg US High Yield+2%</i>				4.7	-9.4	-9.4	2.1	4.4	6.1	7.1	Jan-16
Total Real Assets	348,384,132	19.1	19.1	0.3	7.4	7.4	3.8	2.7	0.0	-0.5	Dec-10
<i>Total Real Assets Policy Index</i>				1.3	13.1	13.1	8.2	7.5	9.5	10.3	Dec-10
Real Estate	178,867,836	9.8	51.3	1.4	11.6	11.6	2.8	3.3	-2.1	3.6	Mar-85
<i>NCREIF Property (1 Qtr Lag)</i>				0.6	16.1	16.1	9.9	8.6	9.5	8.2	Mar-85
Natural Resources	112,510,656	6.2	32.3	-0.7	-2.2	-2.2	1.3	0.5	2.5	3.1	Dec-10
<i>NCREIF Farmland Total Return Index (1 Qtr Lag)</i>				2.0	10.2	10.2	6.5	6.3	9.5	10.4	Dec-10
Infrastructure	57,005,640	3.1	16.4	-1.4	12.5	12.5	13.1	5.0	8.1	8.1	Jul-12
<i>S&P Global Infrastructure TR USD</i>				11.0	-0.2	-0.2	1.7	3.9	6.5	6.9	Jul-12

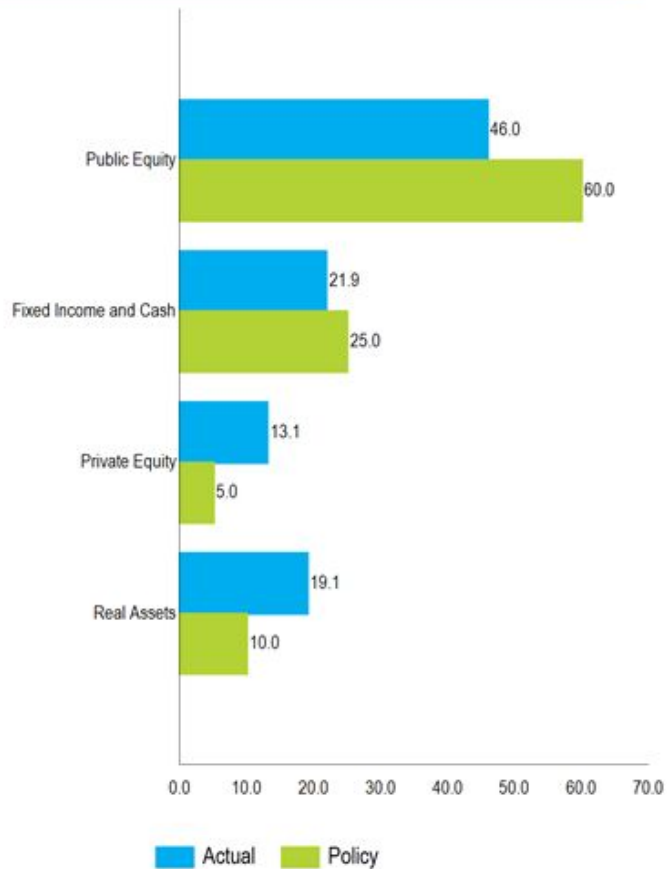
¹ All Private Market market values are one quarter lagged unless otherwise noted.



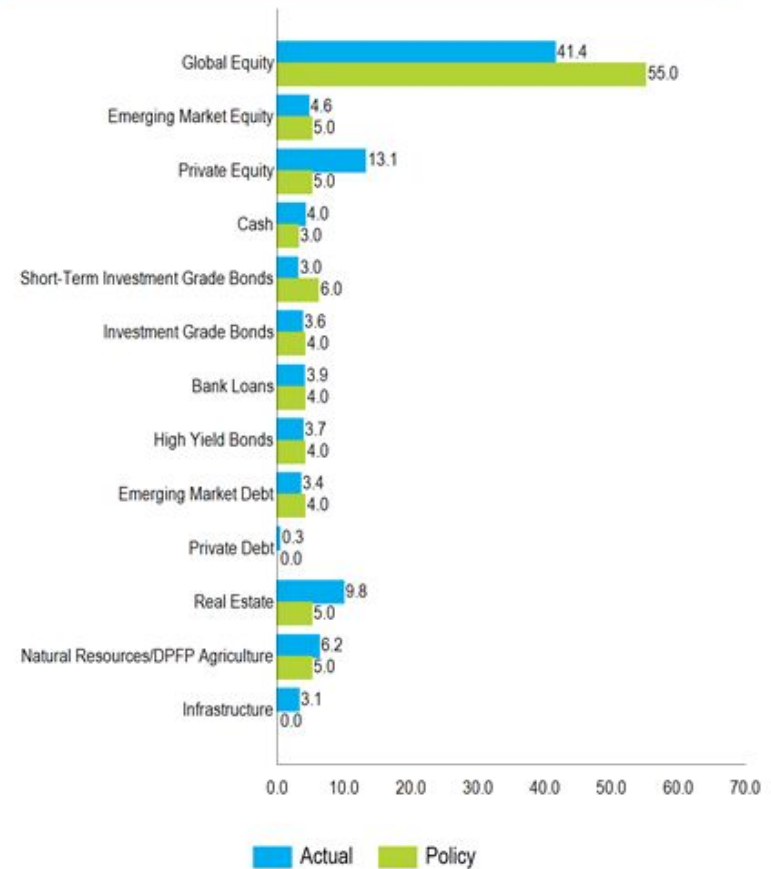
Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Asset Category Actual vs Target Allocation (%)
As of December 31, 2022



Asset Classes Actual vs Target Allocation (%)
As of December 31, 2022





Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
Equity	\$1,079,852,499	59%	65%		
Global Equity	\$757,357,954	41%	55%	36% - 60%	Yes
Emerging Market Equity	\$83,411,311	5%	5%	3% - 7%	Yes
Private Equity	\$239,083,234	13%	5%		
Fixed Income and Cash	\$400,074,937	22%	25%		
Cash	\$74,005,685	4%	3%	0% - 6%	Yes
Short-Term Investment Grade Bonds	\$54,145,335	3%	6%	0% - 9%	Yes
Investment Grade Bonds	\$66,068,671	4%	4%	2% - 6%	Yes
Bank Loans	\$71,516,502	4%	4%	2% - 6%	Yes
High Yield Bonds	\$68,045,659	4%	4%	2% - 6%	Yes
Emerging Market Debt	\$61,334,790	3%	4%	2% - 6%	Yes
Private Debt	\$4,958,296	0%	0%		
Real Assets	\$348,384,132	19%	10%		
Real Estate	\$178,867,836	10%	5%		
Natural Resources/DPFP Agriculture	\$112,510,656	6%	5%		
Infrastructure	\$57,005,640	3%	0%		
Total	\$1,828,311,568	100%	100%		

¹ As of 12/31/2022, the Safety Reserve exposure was approximately \$128 million (7.0%).

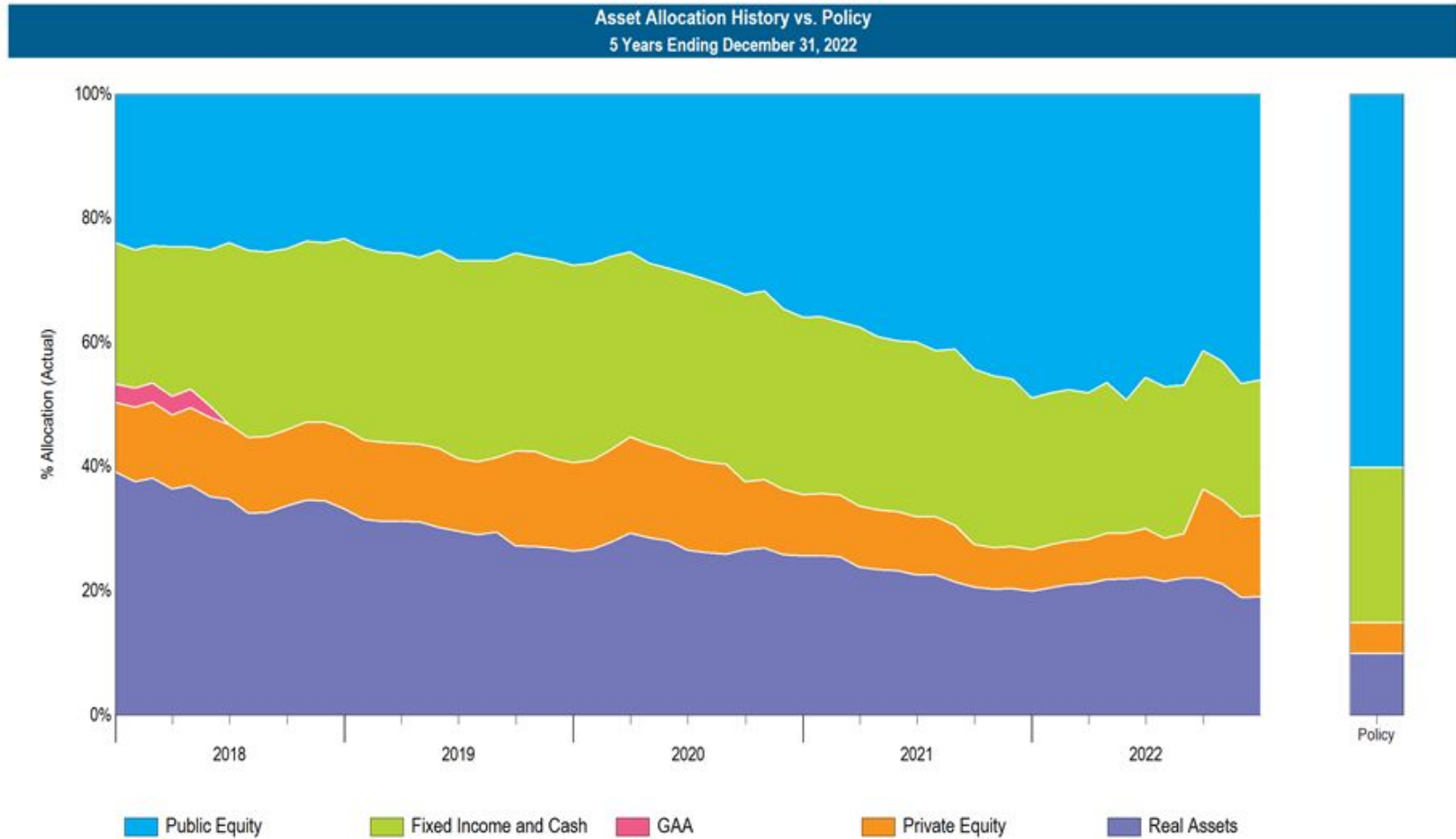
² Global equity consists of 23% US, 17% Developed Non-US, and 2% Emerging Markets.

³ Rebalancing ranges are not established for illiquid assets (Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate).



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022





Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Statistics Summary						
5 Years Ending December 31, 2022						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
DPFP	2.8%	7.6%	-0.1	0.6	0.2	6.8%
Policy Index	3.5%	10.5%	--	1.0	0.2	0.0%
Public Equity	5.6%	17.8%	0.3	1.0	0.2	2.2%
MSCI ACWI IMI Net USD	5.0%	18.0%	--	1.0	0.2	0.0%
Global Equity	6.0%	18.2%	0.4	1.0	0.3	2.2%
MSCI ACWI IMI Net USD	5.0%	18.0%	--	1.0	0.2	0.0%
Emerging Markets Equity	0.3%	17.4%	0.3	0.9	-0.1	4.5%
MSCI Emerging Markets IMI Net	-1.1%	18.8%	--	1.0	-0.1	0.0%
Private Equity	4.3%	54.5%	-0.1	-0.4	0.1	60.6%
Russell 3000 +2% Lagged	11.8%	19.2%	--	1.0	0.5	0.0%
Short Term Core Bonds	1.3%	1.8%	0.5	1.0	0.1	1.0%
Bloomberg US Aggregate 1-3 Yr TR	0.9%	1.5%	--	1.0	-0.2	0.0%
Bank Loans	3.4%	5.0%	0.1	0.7	0.4	2.8%
Credit Suisse Leveraged Loan	3.2%	7.1%	--	1.0	0.3	0.0%
High Yield Bonds	0.7%	9.9%	-1.0	1.1	-0.1	1.7%
Bloomberg US Corporate High Yield TR	2.3%	9.1%	--	1.0	0.1	0.0%
Emerging Markets Debt	-5.8%	14.3%	-0.9	1.3	-0.5	4.5%
50% JPM EMBI/50% JPM GBI-EM	-1.9%	11.0%	--	1.0	-0.3	0.0%



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Statistics Summary						
5 Years Ending December 31, 2022						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Real Estate	3.3%	4.0%	-1.1	0.3	0.5	4.9%
NCREIF Property (1 Qtr Lag)	8.6%	4.9%	--	1.0	1.5	0.0%
Natural Resources	0.5%	6.5%	-1.0	0.8	-0.1	6.1%
NCREIF Farmland Total Return Index (1 Qtr Lag)	6.3%	3.2%	--	1.0	1.6	0.0%
Infrastructure	5.0%	15.6%	0.0	0.1	0.2	23.4%
S&P Global Infrastructure TR USD	3.9%	18.5%	--	1.0	0.1	0.0%



Dallas Police & Fire Pension System

DPFP | As of December 31, 2022

Benchmark History		
As of December 31, 2022		
DPFP		
10/1/2021	Present	55% MSCI ACWI IMI Net USD / 5% MSCI Emerging Markets IMI Net / 5% Russell 3000 + 2% 1Q Lagged / 6% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
8/1/2021	9/30/2021	55% MSCI ACWI IMI Net USD / 5% MSCI Emerging Markets IMI Net / 5% Cambridge Associates US All PE (1 Qtr Lag) / 6% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
1/1/2019	7/31/2021	40% MSCI ACWI IMI Net USD / 10% MSCI Emerging Markets IMI Net / 5% Cambridge Associates US All PE (1 Qtr Lag) / 12% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg Global Aggregate TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
10/1/2018	12/31/2018	40% MSCI ACWI Gross / 10% MSCI Emerging Markets Gross / 5% Russell 3000 +2% Lagged / 12% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg Global Aggregate TR / 4% Bloomberg US High Yield 2% Issuer Cap TR / 4% S&P/LSTA Leveraged Loan / 4% Bloomberg US Aggregate TR / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% Natural Resources Benchmark (Linked) / 5% NCREIF Property Index / 3% 91 Day T-Bills
4/1/2016	9/30/2018	20% MSCI ACWI Gross / 5% MSCI Emerging Markets Gross / 5% Russell 3000 +2% Lagged / 2% Bloomberg US Aggregate 1-3 Yr TR / 3% Bloomberg Global Aggregate TR / 5% Bloomberg Global High Yield TR / 6% S&P/LSTA Leveraged Loan / 6% HFRI RV: FI (50/50-ABS/Corp) / 6% 50% JPM EMBI/50% JPM GBI-EM / 5% Barclays Global High Yield +2% / 5% 60% MSCI ACWI/40% Barclays Global Agg / 3% 60% MSCI ACWI/40% Barclays Global Agg / 2% HFRX Absolute Return Index / 5% Natural Resources Benchmark (Linked) / 5% S&P Global Infrastructure TR USD / 12% NCREIF Property Index / 3% CPI + 5% (Seasonally Adjusted) / 2% 91 Day T-Bills
4/1/2014	3/31/2016	15% MSCI ACWI / 15% S&P 500 + 2% / 10% Total Global Natural Resources Custom Benchmark / 15% Bloomberg Global Aggregate TR / 20% CPI + 5% (Seasonally Adjusted) / 10% CPI + 5% (Seasonally Adjusted) / 15% NCREIF Property Index
Total Real Assets		
12/31/2010	Present	50% NCREIF Property (1 Qtr Lag) / 50% NCREIF Farmland Total Return Index (1 Qtr Lag)

Disclaimer, Glossary, and Notes



Disclaimer, Glossary, and Notes

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

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INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



Disclaimer, Glossary, and Notes

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} \times (\text{market return} - \text{Risk Free Rate})]$.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.



Disclaimer, Glossary, and Notes

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.



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Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



Dallas Police & Fire Pension System

As of September 30, 2022

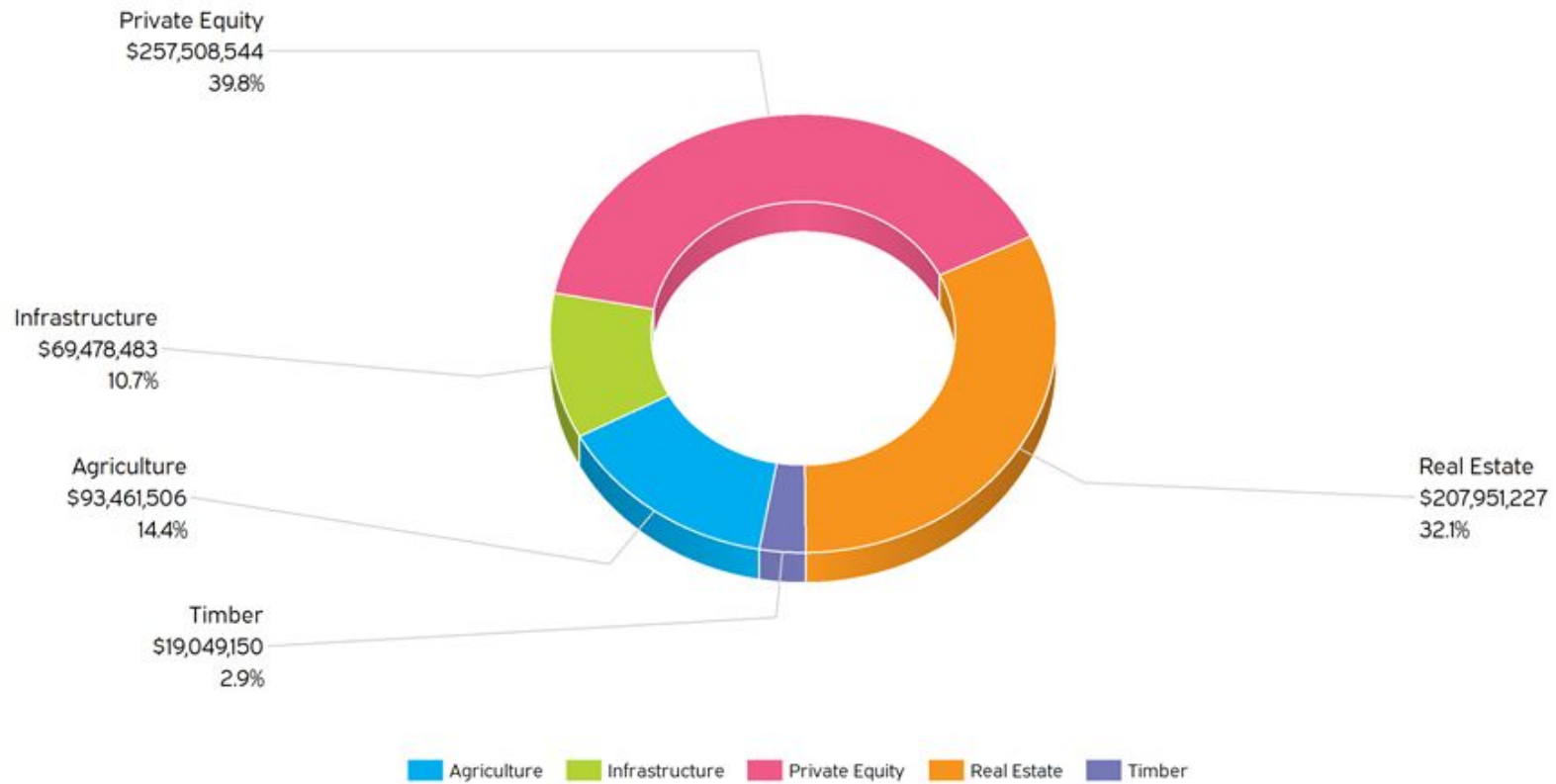
Private Markets Review



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2022

Private Market Investments as of September 30, 2022
Market Value Allocation by Asset Class



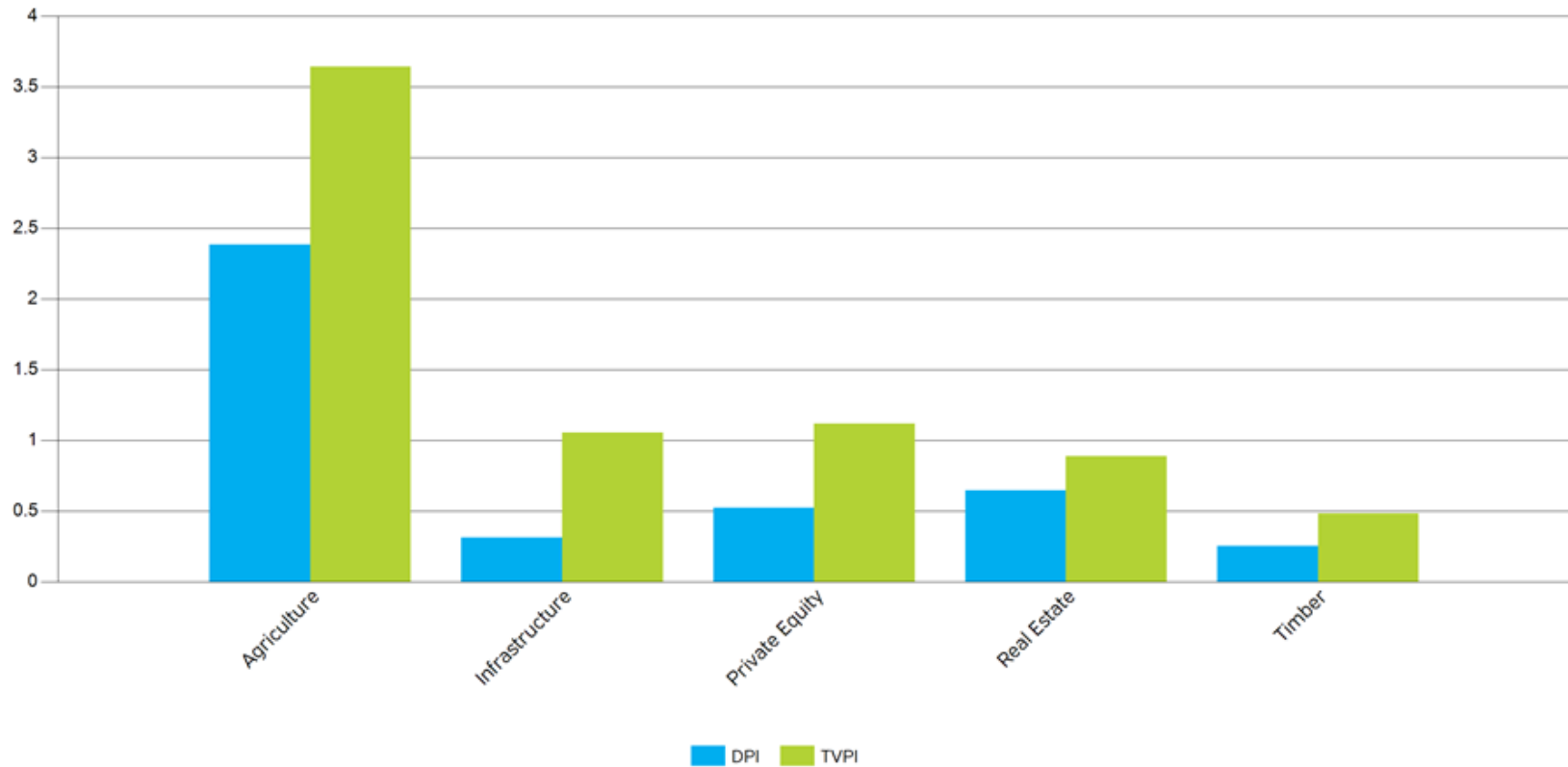
1. Private Equity is composed of Private Equity and Private Debt.



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2022

Private Market Investments as of September 30, 2022
DPI and TVPI by Asset Class



- 1. Private Equity is composed of Private Equity and Private Debt.
- 2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2022

Private Market Investments Overview										
Active Funds	Commitments		Distributions & Valuations				Performance			
Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Agriculture	74,420,001	74,420,001	177,592,840	93,461,506	271,054,346	196,634,345	1.00	2.39	3.64	14.52
Total Infrastructure	97,000,000	94,154,634	28,076,593	69,478,483	97,555,076	3,400,442	0.97	0.30	1.04	0.69
Total Private Equity	409,251,115	446,591,631	226,286,476	257,508,544	483,795,020	37,203,389	1.09	0.51	1.08	1.02
Total Real Estate	796,913,998	788,303,995	499,114,414	207,951,227	707,065,641	-81,238,354	0.99	0.63	0.90	-1.07
Total Timber	83,701,622	83,701,622	21,150,000	19,049,150	40,199,150	-43,502,472	1.00	0.25	0.48	-8.47
Total	1,461,286,736	1,487,171,883	952,220,323	647,448,910	1,599,669,233	112,497,350	1.02	0.64	1.08	1.39

1. Private Equity is composed of Private Equity and Private Debt.

2. Private markets performance reflected is composed of active investments only.

3. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.



Dallas Police & Fire Pension System

Active Funds with Unfunded Commitments Overview | As of September 30, 2022

Active Funds with Unfunded Commitments				
Active Funds		Commitments		
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Unfunded Commitment (\$)
Infrastructure				
TRG AIRRO	2008	37,000,000	38,208,375	2,119,056
TRG AIRRO II	2013	10,000,000	7,304,402	2,283,286
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	1,365,941
Total Infrastructure		97,000,000	94,154,634	5,768,284
Private Equity				
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	485,000
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	514,296
Total Private Equity		15,000,000	15,997,375	999,296
Real Estate				
Hearthstone MS III Homebuilding Investors	2003	10,000,000	1,221,446	1,997,675
Total Real Estate		10,000,000	1,221,446	1,997,675
Total		122,000,000	111,373,454	8,765,255

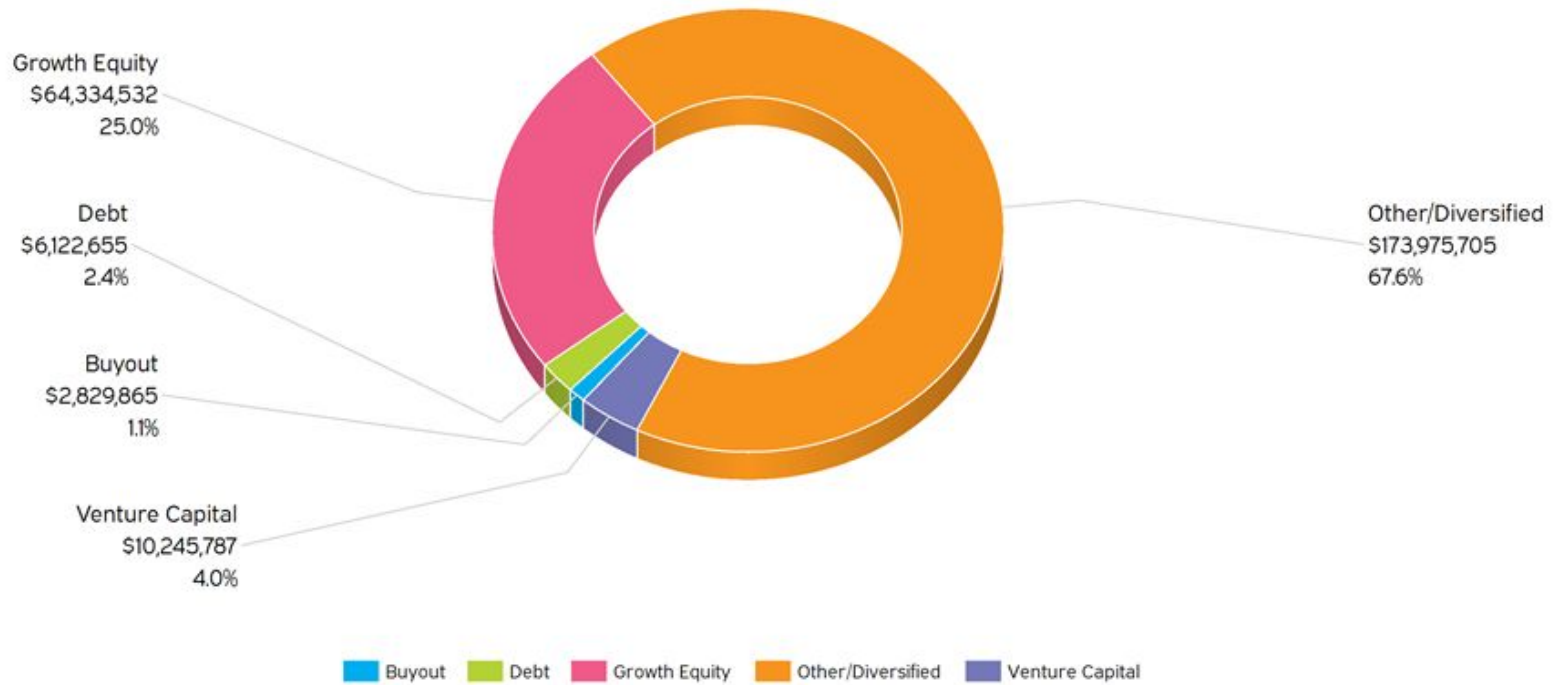
1. Private markets performance reflected is composed of active investments only.
2. The funds and figures above represent investments with unfunded capital commitments.



Dallas Police & Fire Pension System

Private Equity and Debt | As of September 30, 2022

Private Equity and Debt Investments as of September 30, 2022
Market Value Allocation by Strategy

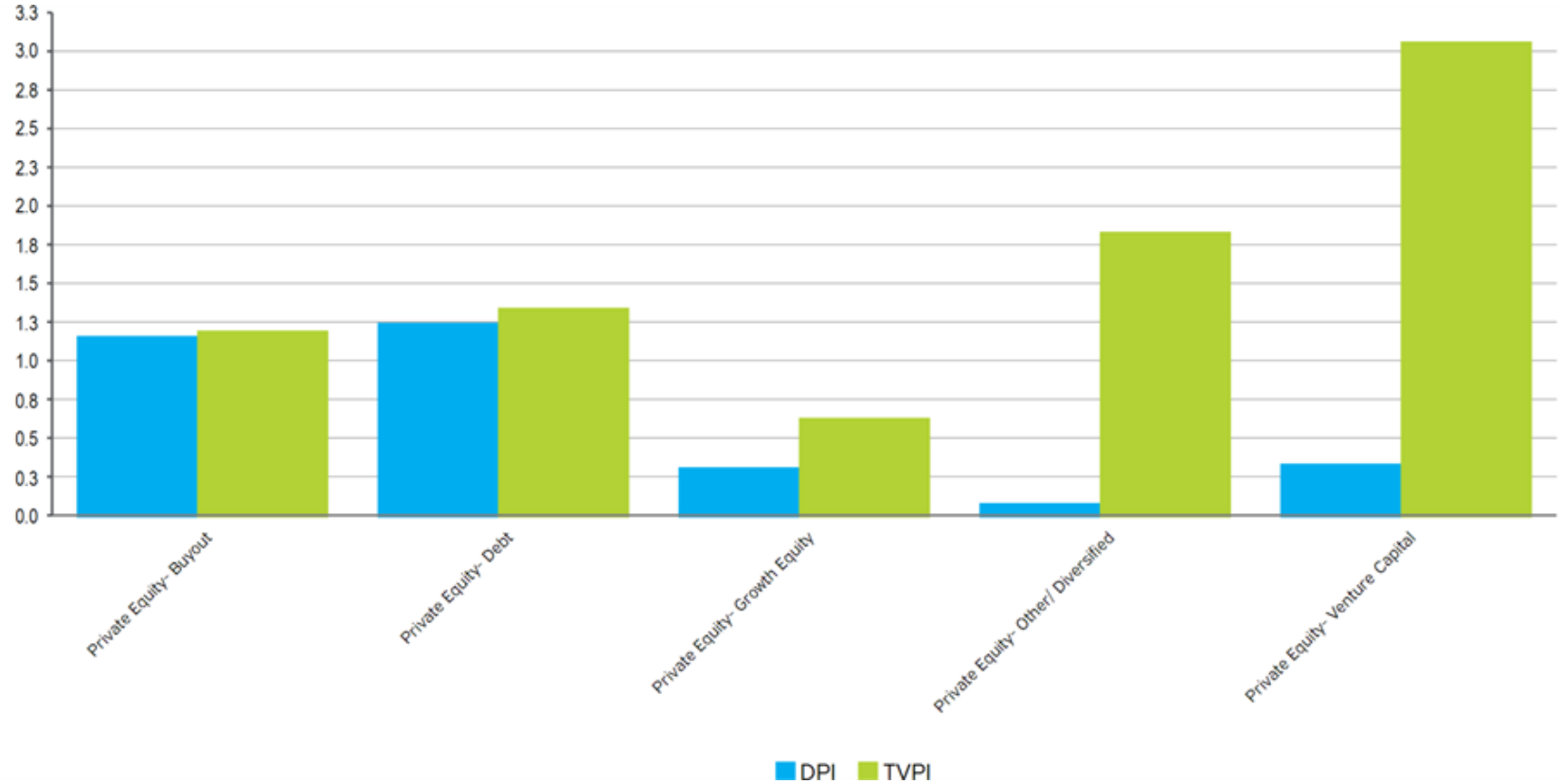




Dallas Police & Fire Pension System

Private Equity and Debt | As of September 30, 2022

Private Equity and Debt Investments as of September 30, 2022
DPI and TVPI by Strategy



1. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Private Equity and Debt | As of September 30, 2022

Private Equity and Debt Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Buyout											
Huff Alternative Fund	2000	66,795,718	78,833,017	88,613,992	2,829,865	91,443,857	12,610,840	1.18	1.12	1.16	1.73
Total Buyout		66,795,718	78,833,017	88,613,992	2,829,865	91,443,857	12,610,840	1.18	1.12	1.16	1.73
Debt											
Highland Crusader Fund	2003	50,955,397	50,955,397	66,721,549	1,198,174	67,919,723	16,964,326	1.00	1.31	1.33	4.71
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	9,738,247	4,924,481	14,662,728	2,420,338	1.22	0.80	1.20	6.29
Total Debt		60,955,397	63,197,787	76,459,796	6,122,655	82,582,451	19,384,664	1.04	1.21	1.31	4.80
Growth Equity											
Hudson Clean Energy	2009	25,000,000	24,994,470	4,732,352	730,638	5,462,990	-19,531,480	1.00	0.19	0.22	-21.57
Lone Star CRA	2008	50,000,000	60,703,798	23,987,522	58,474,884	82,462,406	21,758,608	1.21	0.40	1.36	5.61
Lone Star Growth Capital	2006	16,000,000	26,679,375	17,064,533	0	17,064,533	-9,614,842	1.67	0.64	0.64	-20.47
Lone Star Opportunities V	2012	75,000,000	75,153,125	531,444	0	531,444	-74,621,681	1.00	0.01	0.01	-99.30
Lone Star Bridge Loan	2020	500,000	3,862,000	0	3,500,000	3,500,000	-362,000	7.72	0.00	0.91	-10.67
North Texas Opportunity Fund	2000	10,000,000	10,000,000	9,249,355	1,629,010	10,878,365	878,365	1.00	0.92	1.09	0.89
Total Growth Equity		176,500,000	201,392,768	55,565,206	64,334,532	119,899,738	-81,493,030	1.14	0.28	0.60	-10.76
Other/Diversified											
Huff Energy Fund LP	2006	100,000,000	99,210,178	4,477,394	173,975,705	178,453,099	79,242,921	0.99	0.05	1.80	4.80
Total Other/Diversified		100,000,000	99,210,178	4,477,394	173,975,705	178,453,099	79,242,921	0.99	0.05	1.80	4.80
Venture Capital											
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	1,124,889	10,245,787	11,370,676	7,615,691	0.75	0.30	3.03	29.04
Total Venture Capital		5,000,000	3,754,985	1,124,889	10,245,787	11,370,676	7,615,691	0.75	0.30	3.03	29.04
Unclassified											
Miscellaneous Private Equity Expenses	2016		202,896	45,200							
Total Unclassified			202,896	45,200							
Total		409,251,115	446,591,631	226,286,476	257,508,544	483,795,020	37,203,389	1.09	0.51	1.08	1.02

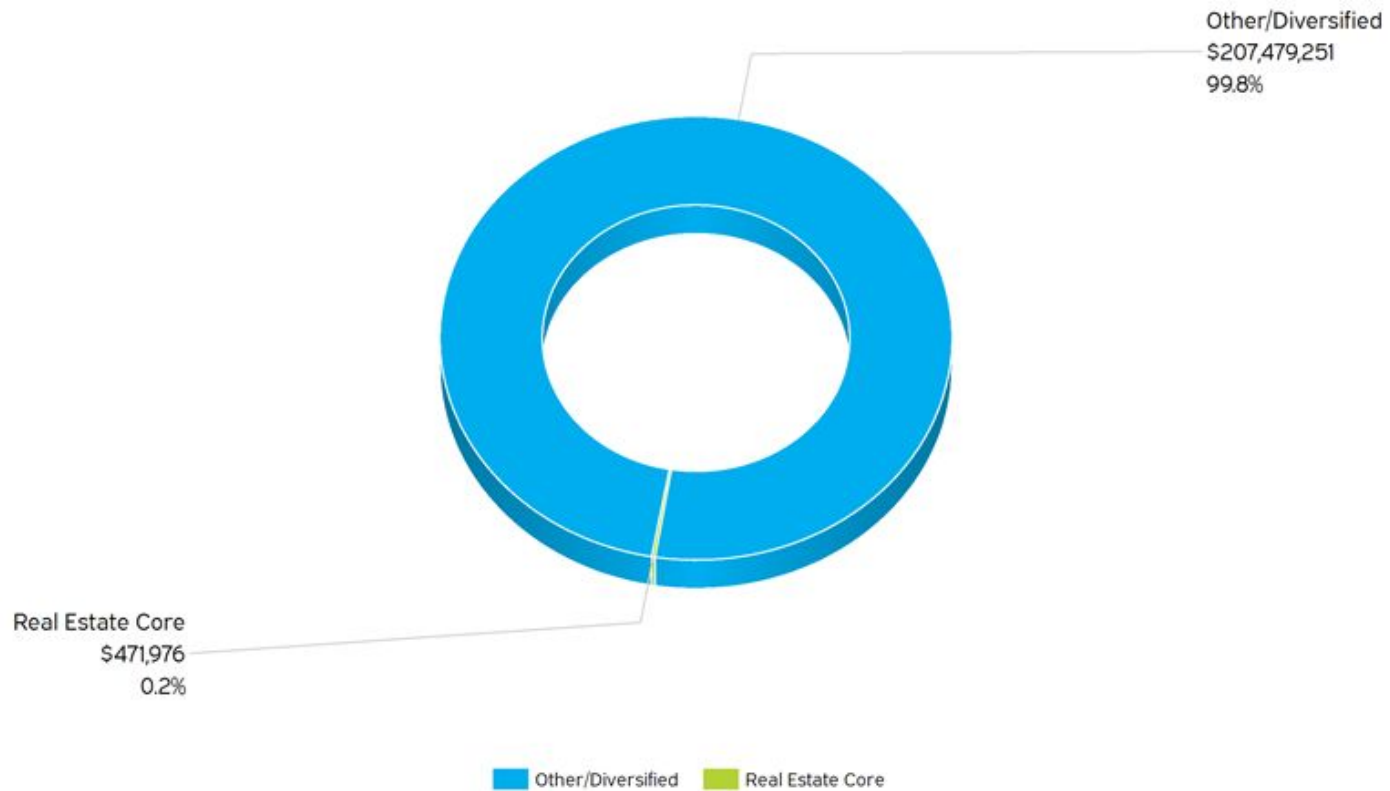
1. Private Markets performance reflected is composed of active investments only.
2. The "IRRs" listed for Lone Star Growth Capital and Lone Star Opportunities Fund V are since inception total return figures.
3. Hudson Clean Energy shows 12/31/2021 NAVs cash flow adjusted through 6/30/2022.



Dallas Police & Fire Pension System

Real Estate | As of September 30, 2022

Real Estate Investments as of September 30, 2022 Market Value Allocation by Strategy

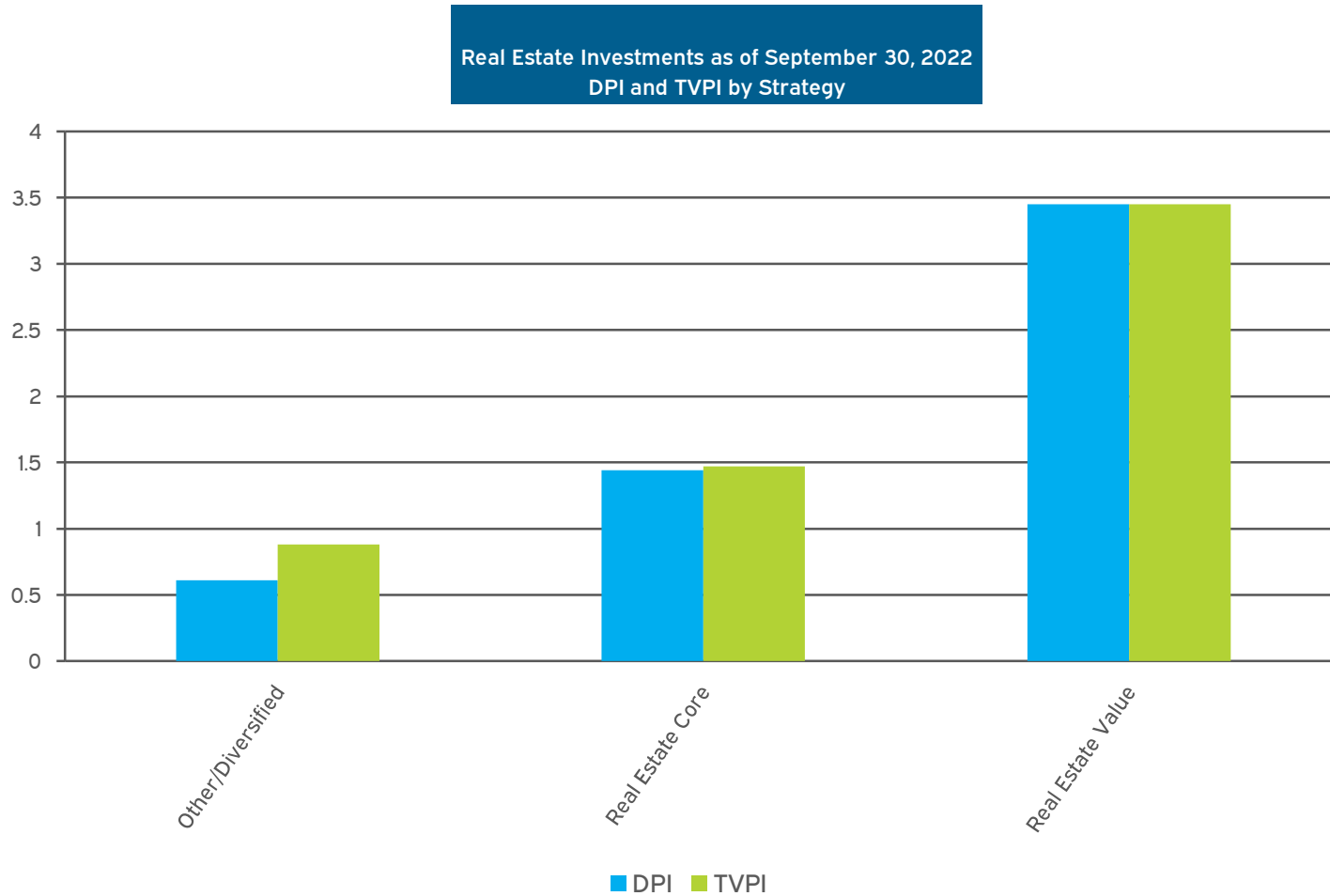


1. Other/Diversified is composed of direct real estate investments made by the fund.



Dallas Police & Fire Pension System

Real Estate | As of September 30, 2022



1. Other/Diversified is composed of direct real estate investments made by the fund.

2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Real Estate | As of September 30, 2022

Real Estate Investments Overview										
Investment Name	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Other/Diversified	767,595,151	767,595,151	466,214,123	207,479,251	673,693,374	-93,901,777	1.00	0.61	0.88	-1.64
Real Estate Core										
Total Real Estate Core	19,318,847	19,318,847	27,906,286	471,976	28,378,262	9,059,415	1.00	1.44	1.47	6.48
Real Estate Value										
Total Real Estate Value	10,000,000	1,221,446	4,217,011	0	4,217,011	2,995,565	0.12	3.45	3.45	24.58
Total	796,913,998	788,303,995	499,114,414	207,951,227	707,065,641	-81,238,354	0.99	0.63	0.90	-1.07

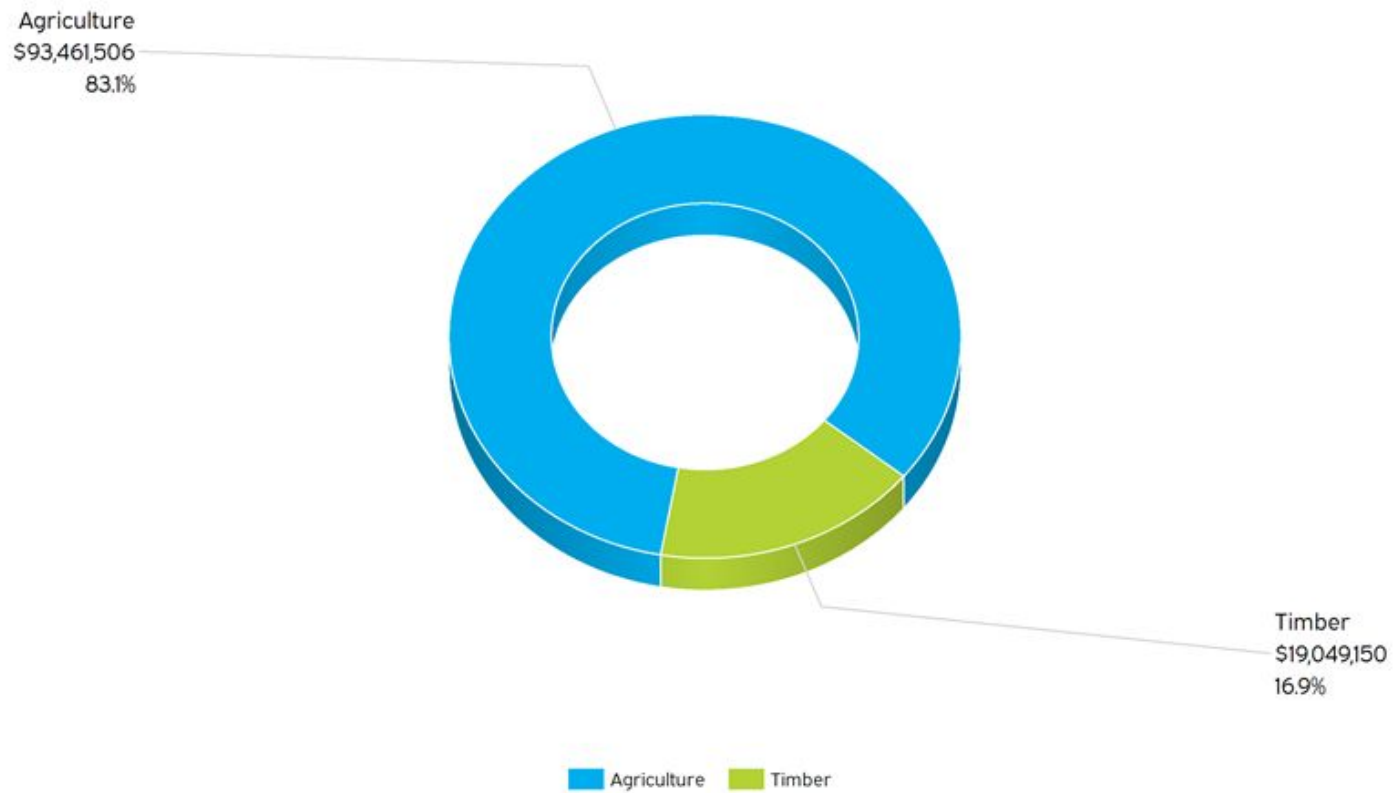
1. Private markets performance reflected is composed of active investments only.
 2. Commitment value is equal to paid in capital for direct investments made outside of a traditional Limited Partnership fund structure.



Dallas Police & Fire Pension System

Natural Resources | As of September 30, 2022

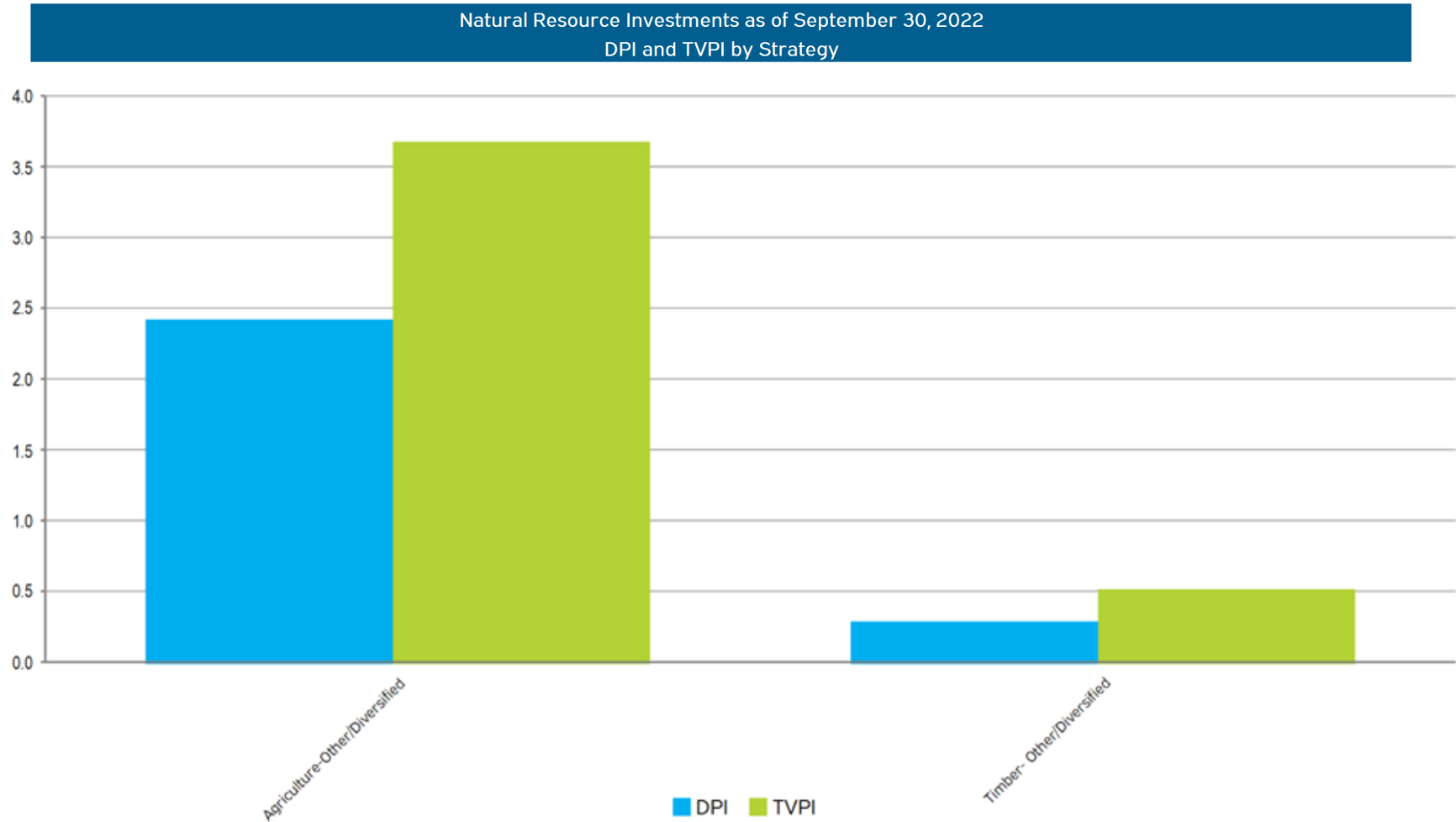
Natural Resources Investments as of September 30, 2022
Market Value Allocation by Asset Class





Dallas Police & Fire Pension System

Natural Resources | As of September 30, 2022



- 1. Agriculture 'Other/Diversified' is composed of permanent and row crops exposure.
- 2. Timber 'Other/Diversified' is composed of domestic and global timber exposure.
- 3. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Natural Resources | As of September 30, 2022

Natural Resource Investments Overview											
Active Funds		Commitments		Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Unrealized Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Agriculture											
Manulife Agricultural	1998	74,420,001	74,420,001	177,592,840	93,461,506	271,054,346	196,634,345	1.00	2.39	3.65	14.52
Total Agriculture		74,420,001	74,420,001	177,592,840	93,461,506	271,054,346	196,634,345	1.00	2.39	3.65	14.52
Timber											
BTG Pactual	2006	83,701,622	83,701,622	21,150,000	19,049,150	40,199,150	-43,502,472	1.00	0.25	0.48	-8.47
Total Timber		83,701,622	83,701,622	21,150,000	19,049,150	40,199,150	-43,502,472	1.00	0.25	0.48	-8.47
Total		158,121,623	158,121,623	198,742,840	112,510,656	311,253,496	153,131,873	1.00	1.26	1.97	8.41

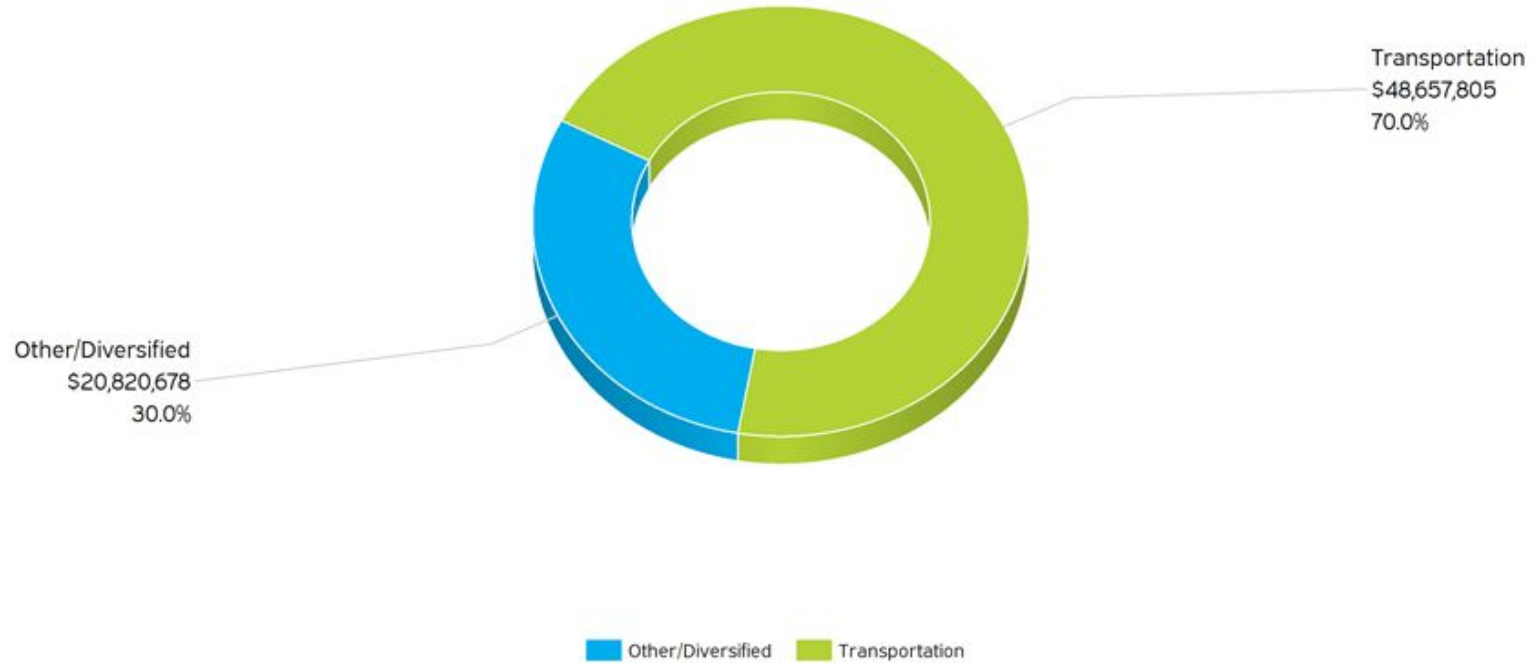
1. Private markets performance reflected is composed of active investments only.
 2. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.
 3. Manulife Agriculture was previously known as Hancock Agriculture Fund.



Dallas Police & Fire Pension System

Infrastructure | As of September 30, 2022

Infrastructure Investments as of September 30, 2022 Market Value Allocation by Strategy



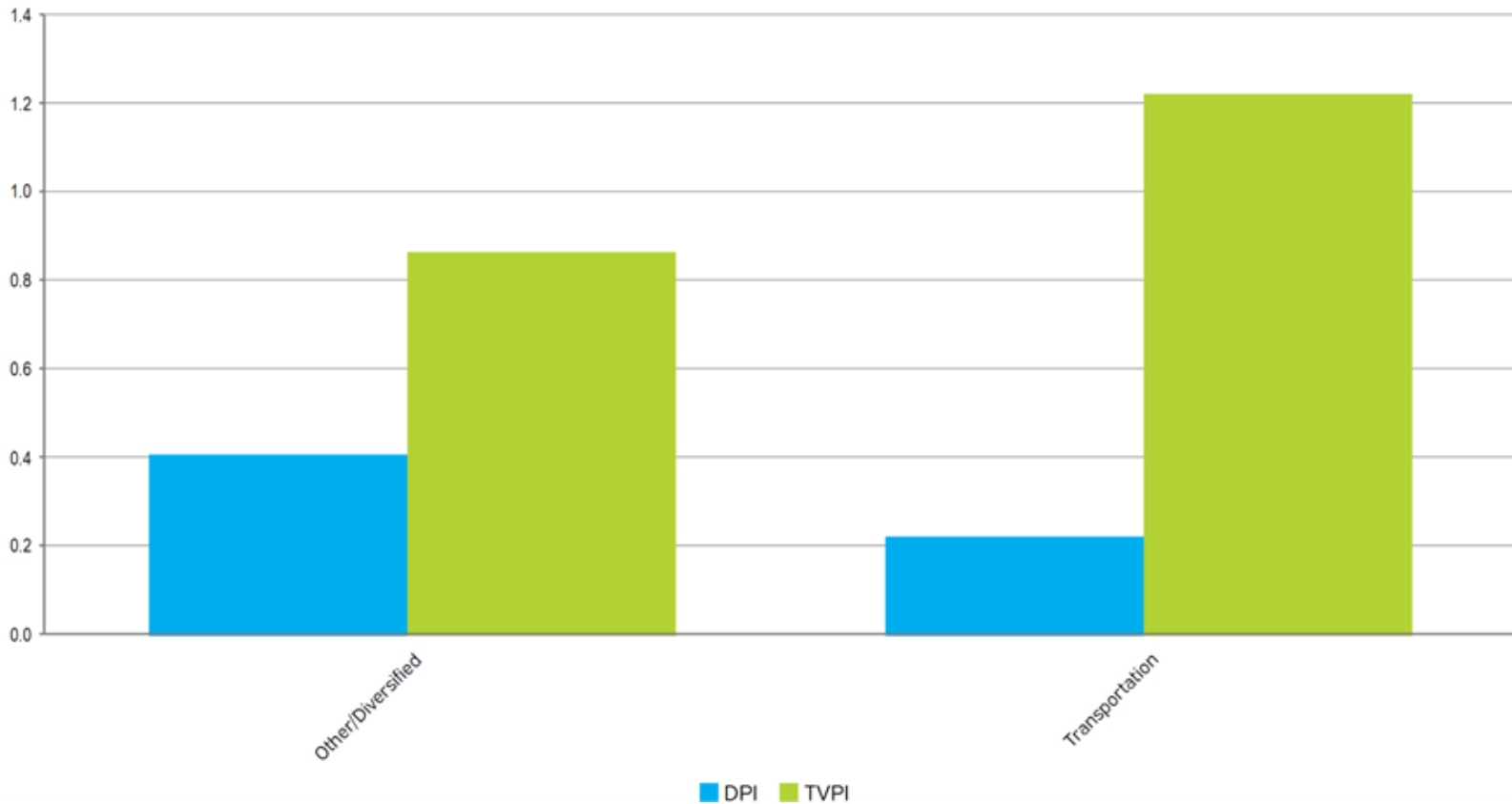
1.'Other/Diversified' is composed of various operating and developing infrastructure project exposure.



Dallas Police & Fire Pension System

Infrastructure | As of September 30, 2022

Infrastructure Investments as of September 30, 2022
DPI and TVPI by Strategy



1. Other/Diversified' is composed of various operating and developing infrastructure project exposure.
2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Infrastructure | As of September 30, 2022

Infrastructure Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid-In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Infrastructure											
TRG AIRRO	2008	37,000,000	38,208,375	17,873,234	16,527,640	34,400,874	-3,807,501	1.03	0.47	0.90	-1.45
TRG AIRRO II	2013	10,000,000	7,304,402	58,731	4,293,038	4,351,769	-2,952,633	0.73	0.01	0.60	-5.95
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	10,144,628	48,657,805	58,802,433	10,160,576	0.97	0.21	1.21	3.01
Total Infrastructure		97,000,000	94,154,634	28,076,593	69,478,483	97,555,076	3,400,442	0.97	0.30	1.04	0.69

1. Private markets performance reflected is composed of active investments only.

**Private Markets Review
List of Completed Funds**



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2022

Total Real Assets Program													
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addnl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR	
AEW Creative Holdings	2007	13,035,849	13,035,849	0	0	0	0	0	-13,035,849	0.00	0.00	N/A	
Barings Lake Luciana	2006	95,025,191	95,025,191	0	0	17,872,293	0	17,872,293	-77,152,898	0.19	0.19	-19.89%	
Barings Lake P&F Real Estate	2010	18,112,486	18,112,486	0	0	4,227,991	0	4,227,991	-13,884,495	0.23	0.23	-15.79%	
Bentall Green Oak	2004	20,269,554	20,269,554	0	0	34,650,146	0	34,650,146	14,380,592	1.71	1.71	5.63%	
BTG U.S. Timberland	2007	22,230,000	22,230,000	0	0	33,065,920	0	33,065,920	10,835,920	1.49	1.49	4.82%	
CDK Multifamily I	2014	10,559,876	10,617,376	0	0	10,025,434	0	10,025,434	-591,942	0.94	0.94	-1.99%	
Clarion 1210 South Lamar	2014	10,500,000	10,201,489	0	0	13,214,065	0	13,214,065	3,012,576	1.30	1.30	12.85%	
Clarion 4100 Harry Hines Land	2006	3,088,810	3,092,788	0	0	3,641,946	0	3,641,946	549,158	1.18	1.18	1.69%	
Clarion Beat Lofts	2005	8,729,783	8,730,183	0	0	1,137,817	0	1,137,817	-7,592,366	0.13	0.13	-30.76%	
Clarion Bryan Street Lofts	2005	5,112,048	5,112,048	0	0	4,163,659	0	4,163,659	-948,389	0.81	0.81	-2.23%	
Clarion Four Leaf	2005	16,892,767	16,892,767	0	0	3,733,148	0	3,733,148	-13,159,619	0.22	0.22	-39.69%	
Clarion The Tribute	2007	29,929,676	29,929,676	0	0	47,138,778	0	47,138,778	17,209,102	1.57	1.57	4.84%	
Forest Investment Associates	1992	59,649,696	59,649,696	0	0	104,895,920	0	104,895,920	45,246,224	1.76	1.76	7.41%	
Hearthstone Dry Creek	2005	52,303,043	52,303,043	0	0	8,973,059	0	8,973,059	-43,329,984	0.17	0.17	-38.78%	
Hearthstone MS II Homebuilding Investors	1999	10,000,000	7,973,058	0	0	10,989,565	0	10,989,565	3,016,507	1.38	1.38	26.70%	
Hearthstone Nampa	2006	11,666,284	11,666,284	0	0	2,562,654	0	2,562,654	-9,103,630	0.22	0.22	-31.90%	
JP Morgan Infrastructure Investments Fund	2007	37,000,000	37,000,000	0	-5,658	44,302,131	0	44,302,131	7,307,789	1.20	1.20	2.48%	
L&B Realty Advisors Beach Walk	2006	33,013,796	33,013,796	0	0	36,752,690	0	36,752,690	3,738,894	1.11	1.11	2.19%	
L&B Realty Advisors KO Olina	2008	28,609,658	28,609,658	0	0	30,529,136	0	30,529,136	1,919,478	1.07	1.07	1.11%	
L&B Realty Advisors West Bay Villas	2007	8,712,411	8,712,411	0	0	3,785,480	0	3,785,480	-4,926,931	0.43	0.43	-8.29%	
LBJ Infrastructure Group Holdings, LLC (LBJ)	2009	50,000,000	44,346,229	0	0	77,892,000	0	77,892,000	33,545,771	1.76	1.76	12.77%	
Lone Star Fund III (U.S.), L.P.	2000	20,000,000	19,827,576	0	0	40,701,250	0	40,701,250	20,873,674	2.05	2.05	31.88%	
Lone Star Fund IV (U.S.), L.P.	2001	20,000,000	19,045,866	0	0	43,898,442	0	43,898,442	24,852,576	2.30	2.30	30.15%	
Lone Star Fund V (U.S.), L.P.	2005	22,500,000	22,275,229	0	0	20,605,895	0	20,605,895	-1,669,334	0.93	0.93	-1.41%	
Lone Star Fund VI (U.S.), L.P.	2008	25,000,000	20,034,018	0	0	31,712,968	0	31,712,968	11,678,950	1.58	1.58	21.76%	
Lone Star Real Estate Fund (U.S.), L.P.	2008	25,000,000	20,743,769	0	0	25,403,707	0	25,403,707	4,659,938	1.22	1.22	5.15%	
Lone Star Real Estate Fund II	2011	25,000,000	22,169,907	0	0	32,789,371	0	32,789,371	10,619,464	1.48	1.48	24.73%	
Lone Star Real Estate Fund III	2014	25,000,000	23,490,784	0	0	26,638,028	0	26,638,028	3,147,244	1.13	1.13	8.20%	
M&G Real Estate Debt Fund II	2013	29,808,841	21,523,663	0	0	17,088,107	0	17,088,107	-4,435,556	0.79	0.79	-15.04%	
NTE 3a-3b	2012	50,000,000	23,794,565	0	0	28,186,978	0	28,186,978	4,392,413	1.18	1.18	16.03%	
NTE Mobility Partners Holding, LLC (NTE)	2009	50,000,000	43,397,054	0	0	105,890,000	0	105,890,000	62,492,946	2.44	2.44	19.33%	
Olympus II-Hyphen Solutions	2007	836,511	836,511	0	0	1,418,149	0	1,418,149	581,638	1.70	1.70	5.96%	
P&F Housing IV	2006	134,015,889	134,015,889	0	0	83,179,802	0	83,179,802	-50,836,087	0.62	0.62	-8.44%	
RREEF North American Infrastructure Fund	2007	50,000,000	50,000,000	0	846,289	55,238,755	0	55,238,755	4,392,466	1.09	1.09	12.59%	
Sungate	2005	6,481,568	6,481,568	0	0	308,624	0	308,624	-6,172,944	0.05	0.05	-22.30%	
Tucson Loan	2014	4,500,000	4,500,000	0	0	5,082,785	0	5,082,785	582,785	1.13	1.13	5.75%	
Total Completed Funds		1,032,583,737	968,659,981		0	840,631	1,011,696,693	0	1,011,696,693	42,196,081	1.04	1.04	



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2022

Private Equity & Debt Funds												
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addtnl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR
Ashmore Global Special Situations Fund IV	2007	70,000,000	70,012,300	0	0	39,652,711	0	39,652,711	-30,359,589	0.57	0.57	-10.12%
BankCap Partners Fund I	2007	20,000,000	20,000,000	0	0	24,960,986	0	24,960,986	4,960,986	1.25	1.25	2.58%
BankCap Partners Opportunity Fund, LP	2013	20,000,000	19,587,052	0	0	18,266,454	0	18,266,454	-1,320,598	0.93	0.93	-5.69%
CDK Southern Cross	2008	1,535,316	1,535,316	0	0	0	0	0	-1,535,316	0.00	0.00	-20.08%
Highland Credit Ops	2006	35,348,165	35,348,165	0	0	29,994,190	0	29,994,190	-5,353,975	0.85	0.85	-2.06%
HM Capital Sector Performance Fund	2008	47,300,000	44,354,248	0	1,933,378	39,792,545	0	39,792,545	-6,495,081	0.86	0.86	-4.01%
Huff Alternative Income Fund	1994	40,000,000	40,000,000	0	2,018,676	66,940,198	0	66,940,198	24,921,522	1.59	1.59	17.82%
Kainos Capital Partners, LP	2013	35,000,000	30,316,015	0	0	43,263,688	0	43,263,688	12,947,673	1.43	1.43	24.76%
Levine Leichtman Capital Partners IV	2008	50,000,000	38,009,085	0	0	78,916,788	0	78,916,788	40,907,703	2.08	2.08	20.12%
Levine Leichtman Capital Partners V, LP	2013	25,000,000	19,181,272	0	-4,405	24,506,336	0	24,506,336	5,329,469	1.28	1.28	15.26%
Levine Leichtman Deep Value Fund	2006	75,000,000	75,000,000	0	11,025,662	88,688,224	0	88,688,224	2,662,562	1.03	1.03	0.73%
Levin Leichtman Private Capital Solutions II, LP	2012	25,000,000	17,961,807	0	-175	18,691,764	0	18,691,764	730,132	1.04	1.04	1.30%
Lone Star Fund IX (U.S.), LP	2014	35,000,000	24,241,467	0	0	23,459,730	0	23,459,730	-781,737	0.97	0.97	-3.28%
Lone Star Fund VII (U.S.), LP	2011	25,000,000	23,469,024	0	0	41,624,566	0	41,624,566	18,155,542	1.77	1.77	47.54%
Lone Star Fund VIII (U.S.), LP	2013	25,000,000	22,564,537	0	0	28,017,551	0	28,017,551	5,453,014	1.24	1.24	16.26%
Merit Energy Partners E-I	2004	7,018,930	7,031,052	0	-1,741	14,975,776	0	14,975,776	7,946,465	2.13	2.13	14.48%
Merit Energy Partners F-I	2005	8,748,346	8,749,275	0	0	3,801,206	0	3,801,206	-4,948,069	0.43	0.43	-17.19%
Merit Energy Partners G, LP	2008	39,200,000	39,320,050	0	0	26,756,651	0	26,756,651	-12,563,399	0.68	0.68	-9.96%
Merit Energy Partners H, LP	2010	10,000,000	10,033,415	0	0	6,870,451	0	6,870,451	-3,162,964	0.68	0.68	-13.78%
Oaktree Fund IV	2001	50,000,000	50,000,000	0	0	82,516,590	0	82,516,590	32,516,590	1.65	1.65	28.36%
Oaktree Loan Fund 2X	2007	60,000,000	60,004,628	0	0	65,066,951	0	65,066,951	5,062,323	1.08	1.08	2.24%
Oaktree Power Fund III	2011	30,000,000	16,167,147	0	0	23,839,959	0	23,839,959	7,672,812	1.47	1.47	12.35%
Pharos Capital Co-Investment, LLC	2007	20,000,000	20,000,000	0	0	10,019,157	0	10,019,157	-9,980,843	0.50	0.50	-9.92%
Pharos Capital Co-Investment, LP	2008	40,000,000	40,000,000	0	0	67,459,271	0	67,459,271	27,459,271	1.69	1.69	8.42%
Pharos Capital Partners IIA, LP	2005	20,000,000	20,080,306	0	0	17,715,199	0	17,715,199	-2,365,107	0.88	0.88	-2.39%
Pharos Capital Partners III, LP	2012	50,000,000	28,397,038	0	-54,286	20,196,932	0	20,196,932	-8,145,820	0.71	0.71	-19.95%
Yellowstone Capital	2008	5,283,254	5,112,307	0	0	1,465,725	0	1,465,725	-3,646,582	0.29	0.29	-31.26%
Total Completed Funds		869,434,011	786,475,506	0	14,917,109	907,459,599	0	907,459,599	106,066,984	1.13	1.13	



Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

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DISCUSSION SHEET

ITEM #C8

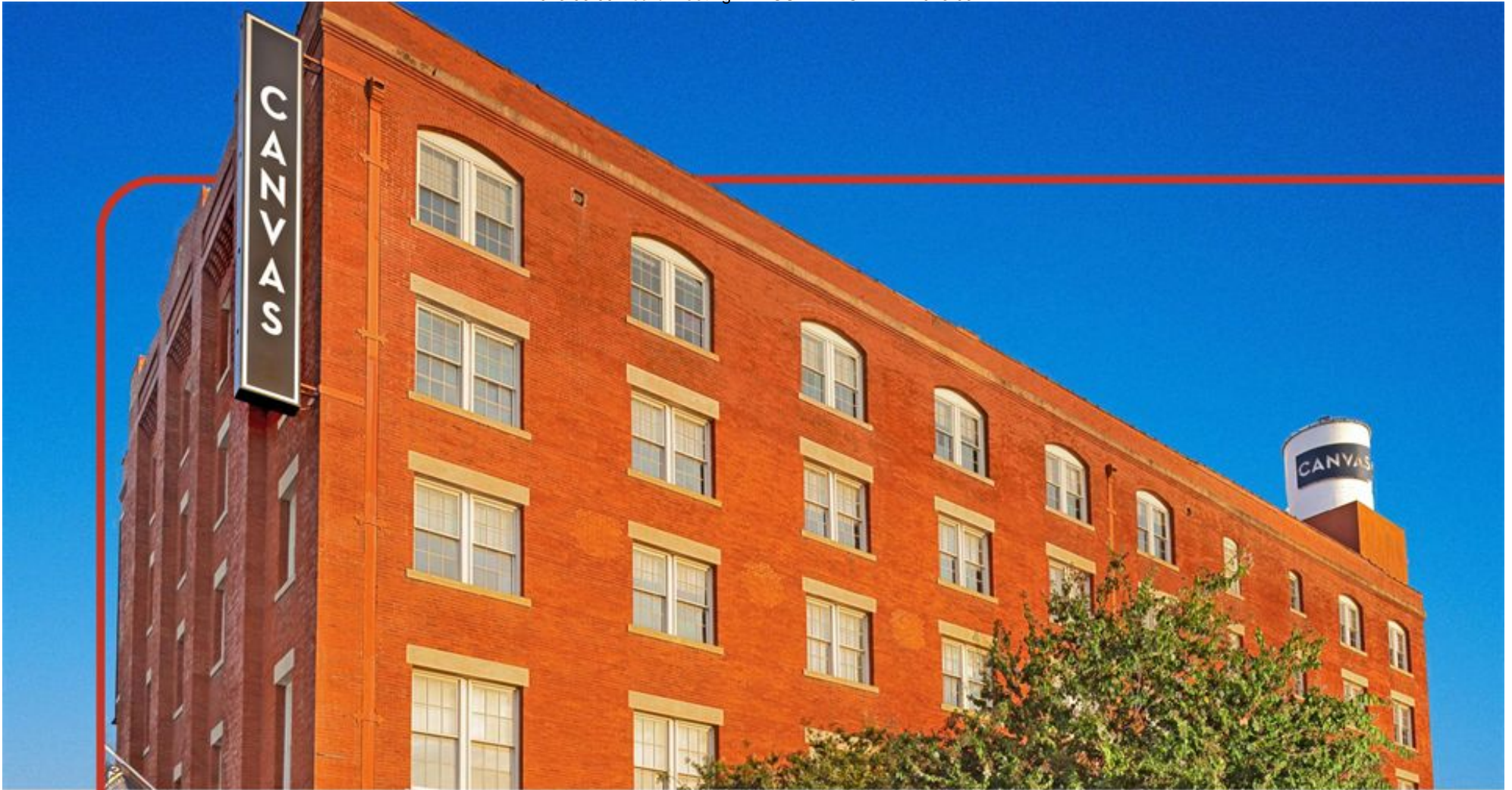
Topic: Real Estate: Clarion Presentation

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

Attendees: Bohdy Hedgcock, Senior Vice President - Clarion
Kevin McCabe, Associate - Clarion

Discussion: Clarion will update the Board on the status and plans for DPF's investment in CCH Lamar. Clarion was engaged in October 2015 to take over the investment management of DPF's interest in several Dallas area real estate assets, with only one asset remaining.

Regular Board Meeting – Thursday, March 9, 2023



Dallas Police and Fire Pension System

| DPFP BOARD | MARCH 2023

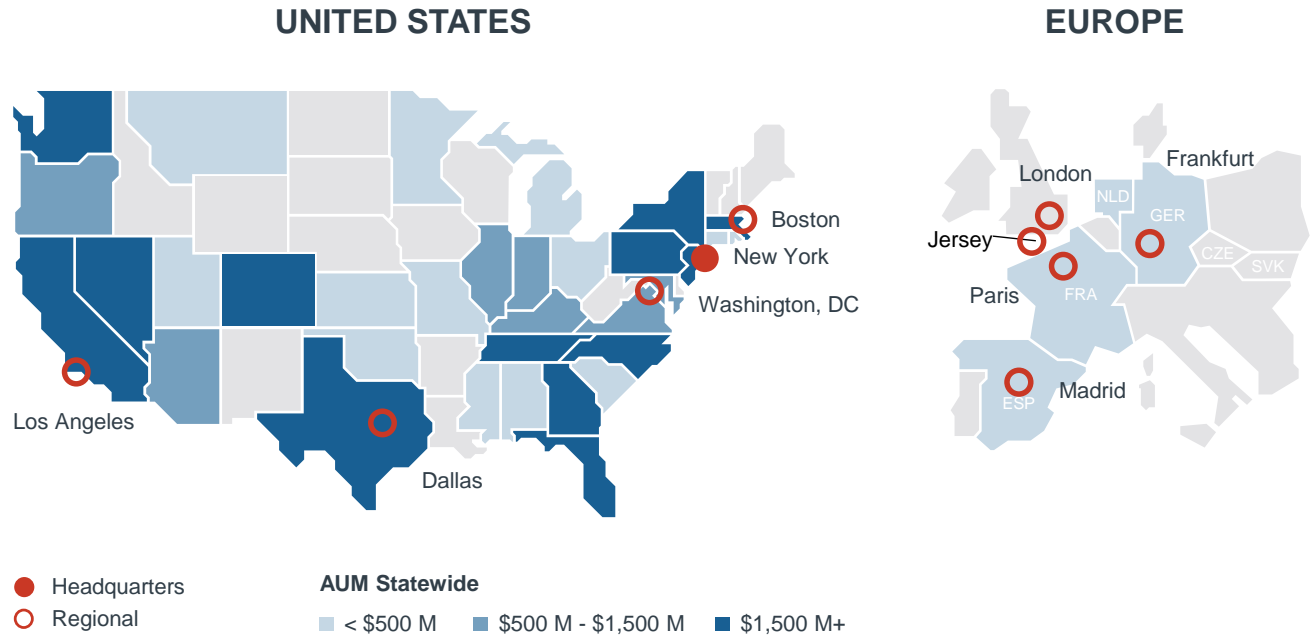
Global Investment Management Platform with Local Execution

\$82.4
AUM (\$bn)

1,494
ASSETS

10
OFFICES

340
EMPLOYEES



INVESTMENT RESEARCH	ACQUISITIONS	ASSET MANAGEMENT
12 TEAM MEMBERS	44 TEAM MEMBERS	82 TEAM MEMBERS

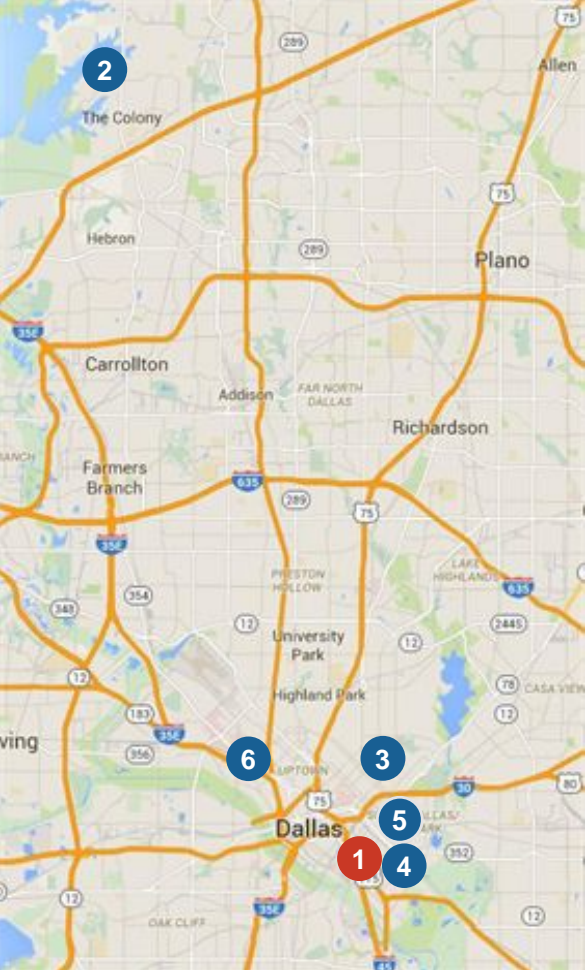
Personnel data as of January 1, 2023. All other data as of December 31, 2022. Geographic information represents GRE; compared to Firm-level GAV. Please see the important disclosures at the end of this presentation.

Confidential



Portfolio Overview

Take Over Assignment Awarded October 2015



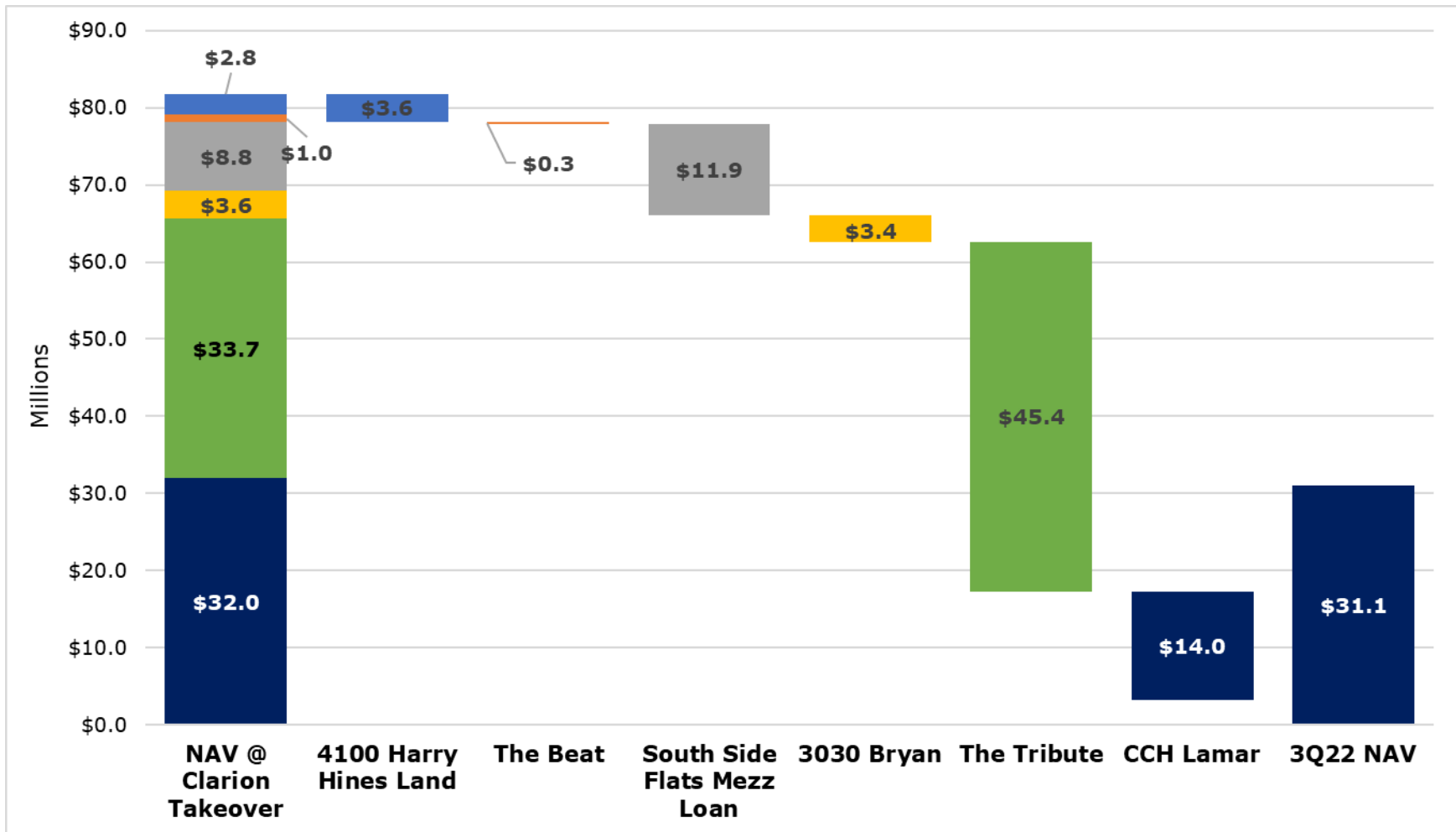
PROPERTY	PROPERTY TYPE	LOCATION	PARTNER	STATUS
1 CCH Lamar	Mixed Use	Cedars	MSW	Active
2 The Tribute	Residential Lots & Land; Golf Courses	The Colony	MSW	Realized November 2019
3 3030 Bryan	Condos	East Dallas	Reeder/ Smith	Realized June 2018
4 South Side Flats Mezz. Loan	Multifamily	Cedars	Buitte Againn	Realized June 2017
5 The Beat	Condos	Cedars	MSW	Realized February 2017
6 4100 Harry Hines Land	Vacant Land	Uptown	None	Realized December 2016

Past performance is not indicative of future results. Please see the important disclosures at the end of this presentation.



Portfolio Distributions Since Clarion Takeover

Gross distributions of \$78.6 million since takeover; \$31.1 million NAV (as of Q3 2022)



Past performance is not indicative of future results. Please see the important disclosures at the end of this presentation.



Important Information

This is not an offer to sell, or a solicitation of an offer to buy, securities. Investment in real estate and real estate derivatives entails significant risk and is suitable only for certain qualified investors as part of an overall diversified investment strategy and only for investors able to withstand a total loss of investment. This material is for distribution only to prospective investors who are highly sophisticated and are, as applicable, “accredited investors” and “qualified purchasers,” as those terms are defined in the Securities Act of 1933 and the Investment Company Act of 1940, respectively. This presentation is strictly confidential and is not intended for distribution without the written permission of Clarion Partners LLC (“Clarion Partners” or the “Firm”). References to indexes are hypothetical illustrations of aggregate returns and do not reflect the performance of any actual investment. Investors cannot invest in an index.

Past performance is not indicative of future results and a risk of loss exists. Any investor’s actual returns may vary significantly from any returns set forth in this presentation. Forecasts and projections rely on a number of economic and financial variables and are inherently speculative. Such forecasts and projections are based on complex calculations and formulas that contain substantial subjectivity. There can be no assurance that market conditions will perform according to any forecast or that any fund or account will achieve its objectives. Investors are cautioned not to place undue reliance on any forward-looking statements. The Firm does not assume any obligation to update any forward-looking statements as a result of new information. Such statements are believed to be accurate as of the date provided but are not guaranteed and are subject to change without notice. This material does not constitute investment advice and should not be viewed as a current or past recommendation to buy or sell any securities or to adopt any investment strategy. The Firm does not provide tax or legal advice. Tax-related statements are based on the Firm’s understanding of the tax laws. Investors must seek the advice of their independent legal and tax counsel before investing. Certain information contained in this material may have been obtained or derived from independent sources believed to be reliable. The Firm cannot guarantee the accuracy or completeness of such information and has not reviewed the assumptions on which such information is based. Photos used in this presentation were selected based on visual appearance, are used for illustrative purposes only and are not necessarily reflective of any current or future investments.

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An investment in a Fund is speculative and involves a high degree of risk, potentially including risks related to the use of leverage. The performance of a Fund and its assets may be volatile. An investor may lose all or a significant amount of its investment in a Fund. Investment in a Fund is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risk and lack of liquidity inherent in the investment.

There can be no assurance that unrealized investments will be realized at the current valuations. There can be no guarantee that any Fund will be successful in implementing its investment strategy or that target returns will be realized. Gross returns are calculated prior to deduction of all fund-level fees, including asset management fees and incentive distributions, and investor-level taxes, all of which will reduce returns to investors.

Effect of Fees on Gross Performance. If management and other fees were included, performance would be lower. Advisory fees are disclosed in each fund’s private placement memorandum, in each investment advisory agreement for separate accounts, and are summarized in Part 2A of Clarion Partners’ Form ADV. Registration as an investment adviser does not imply a certain level of skill or training.

Aggregated Property-Level Data. Aggregated (or “blended”) property-level return targets, capitalization rates and internal rates of return (IRR), as applicable, are based, in part, on the value of the properties held in the portfolio. Values are assigned to each property using a consistent methodology that is applied in accordance with the written valuation policies. Aggregated asset-level return targets, capitalization rates and IRRs may incorporate property values assigned to properties on different dates within the prior year. Such property values are estimates only. This data is provided for illustrative purposes only and should not be viewed as a guarantee of current property value, capitalization rate or internal rate of return, as applicable. Neither individual nor aggregated capitalization rates represent a return or distribution from the portfolio itself.

Important Information (cont.)

The following is a high level summary of only certain risks of an investment in a Fund. It is not an exhaustive list and is qualified in its entirety by the risk factors section in a Fund's private placement memorandum. Investors should review the entire set of risk factors as described in a Fund's private placement memorandum before investing for a discussion of these and other risks inherent in an investment in a Fund.

The purchase of shares offered entail certain risks that investors should consider before making a decision to invest in a Fund. There can be no assurance that a Fund will be profitable or, if it is profitable, that any particular yield or rate of return will be obtained or other investment objective will be realized. An investor should only invest in a Fund as part of an overall investment strategy and only if the investor is able to withstand total loss of investment.

Investment Considerations and Risk Factors

Risk Factors that should be considered in making an investment are: Risks of leverage, including possible inability to repay current indebtedness or to source new debt; possible inability to refinance; variable interest rate; impact of borrowing covenants; general economic conditions; past performance of a Fund and the Firm; insufficient cash flow; partial or total loss of a Fund's capital; liability for return of distributions; availability of suitable investments; investment and disposition activities; projections; controlling person liability; limited rights; dependence of the general partner; difficulties in retaining employees; diverse investor group; litigation; diversification of risk; subsequent closings; attracting investors; failure to fund equity commitments; separate agreements with limited partners; leverage and interest rate exposure; availability of leverage; currency and exchange rates, references to indices; short-term investments; privacy and information security.

Risks Related to Real Estate Investing

Investment in real estate generally; illiquidity of a Fund's investments; competition for residents from other housing alternatives; failure to succeed in new markets; inability to pass through increases in operating expenses and other real estate costs; inability to complete development and renovation of advantageous terms; failure of newly acquired apartment communities to achieve anticipated results; inability to lease vacant space, renew leases or re-let space as leases expire; third-party fee management business; partial ownership interests; government support for multifamily housing; environmental matters; possible inability to sell properties; Americans with Disabilities Act; possible inability to complete renovation and development on advantageous terms; possibility of future terrorist activity; insurance may not cover all losses; financial condition of tenants; uninsured losses from seismic activity; partial ownership interests; and investments in securities.

Risks Related to Environmental, Social and Governance ("ESG") Matters

Clarion Partners can choose, in its discretion, whether to take into account ESG considerations in its investment decision-making, as and to the extent consistent with its fiduciary obligations, applicable law, and the relevant governing documents and investment management agreements of its clients (as applicable). In certain circumstances, due to ESG considerations, the Firm may not make or not recommend the making of investments when it would otherwise have done so, which could adversely affect the performance of a client's portfolio. On the other hand, the Firm may determine not to take such considerations into account. The extent to which the Firm takes ESG considerations into account varies from client portfolio to client portfolio, based on, among other things, the portfolio's investment objective, investment strategies, and investment restrictions, as outlined in the relevant governing documents and investment management agreements of its clients (as applicable) as well as applicable law.

The Firm is dependent upon ESG information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause the Firm to incorrectly assess a potential investment's ESG attributes and/or related risks and opportunities. While ESG is only one of the many factors the Firm might consider in making an investment, there is no guarantee that the Firm will consider such factors at all or that the Firm will successfully implement and make investments that create positive ESG impact while enhancing value and achieving financial returns. ESG initiatives may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Any successful engagement efforts on the part of the Firm will depend, in part, on its skill in properly identifying and analyzing material ESG data and factors, and their potential impact on value. There can be no assurance that any ESG techniques employed will be successful.

Additional information about other risks associated with Clarion Partners' investment process and investment strategies is available on its current Form ADV Part 2A Brochure, which is available upon request.

Important Information (cont.)

Index Definitions

NCREIF Property Index ("NPI"). The NPI is a primary benchmark for the commercial real estate industry calculated and maintained by the National Council of Real Estate Investment Fiduciaries (NCREIF). The NPI is a total rate of return measure of the investment performance of a large pool of individual commercial properties that have been acquired in the private market for investment purposes. The NPI includes only U.S. office, industrial, retail, residential and hospitality operating properties owned in whole or in part by non-taxable institutional investors and accounted for at market value. Unless otherwise disclosed, the NPI is presented gross of investment management fees and is unleveraged. Information regarding NPI's methodology is available at <http://www.reportingstandards.info/>. Substantial differences exist between the methodology for calculating the NPI and the Firm's performance data. Performance was achieved under certain economic conditions that may not be repeated.

The NCREIF Total Return Property Index (NPI). The NPI quarterly, annual and annualized total returns consist of three components of return – income, capital and total. Total Return is computed by adding the Income Return and the Capital Value Return.

NPI Market Value Index (MVI). The NPI MVI is simply an equal-weighted average of quarterly changes in reported market value for the properties that are not undergoing a major capital expansion. MVI is designed to reflect how property values are changing over time and be an alternative to the NCREIF capital index.

NCREIF Appreciation Index. The NCREIF Appreciation Index is a quarterly, unleveraged composite appreciation return for private commercial real estate properties held for investment purposes only.

NCREIF Industrial Sub-Index. The NCREIF Industrial Sub-Index is a quarterly, unleveraged composite total return for private industrial real estate properties held for investment purposes only.

Bloomberg Barclays US Aggregate Bond Index. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

FTSE NAREIT All Equity REIT Index. The FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. Equity REITs. Constituents of the Index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

Investment Property Databank (IPD) Index. The IPD Index is a composite of investment returns on both a historical and current basis of its participating members, who must qualify as being open-end, core, diversified funds pursuing a core investment strategy and includes all investments owned by them including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The IPD Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. Unless otherwise noted, IPD Index returns are presented without leverage and before the deduction of portfolio level management fees and do not reflect the results of any actual investment portfolio. The index's history is unfrozen; therefore, any reconstitution would result in a revision to the index's historical data. For comparative purposes, IPD calculates returns for the Lion Properties Fund using the same methodology as the IPD Index. Further information is available online at <http://www.ipd.com>.

S&P 500 - Standard and Poor's 500 Index. The S&P 500 Index is a capitalization-weighted index of 500 large U.S. stocks. The index is designed to capture the returns of many different sectors of the U.S. economy. The total return calculation includes the price-plus-gross cash dividend return.

NREI / Marcus & Millichap Investor sentiment survey. A joint industry sentiment survey run by National Real Estate Investor (NREI) and Marcus & Millichap, a firm specializing in commercial real estate investment sales, financing, research and advisory services, with offices across the United States and Canada. A quarterly report meant to gauge Commercial Real Estate investors confidence in the current US Real Estate market.

Real Industrial MVI. The Real Industrial MVI is simply an equal-weighted average of quarterly real changes in reported market value for the industrial properties that are not undergoing a major capital expansion by taking out inflation.

US Real GDP. The gross domestic product (GDP) is a comprehensive scorecard of the country's economic health. As an aggregate measure of total economic production for a country, GDP represents the market value of all goods and services produced by the economy during the period measured, including personal consumption, government purchases, private inventories, paid-in construction costs and the foreign trade balance (exports are added, imports are subtracted). Real GDP takes into account the impact of inflation and allows comparisons of economic output from one year to the next and other comparisons over periods of time.



DISCUSSION SHEET

ITEM #C9

Topic: Legislative Update

Discussion: Staff will brief the Board on pension bills that have been filed which may bear on DPFP.

Regular Board Meeting – Thursday, March 9, 2023

**RESOLUTION OF THE BOARD OF TRUSTEES OF
THE DALLAS POLICE AND FIRE PENSION SYSTEM**

WHEREAS, Section 6.08(o) of the Combined Pension Plan for the Dallas Police and Fire Pension System provides that the Board of Trustees ("Board") shall adopt policies under which a Pensioner or a Member who is leaving active service may accept actuarially reduced benefits in order to provide a 100 percent joint and survivor annuity with the Member's spouse; and

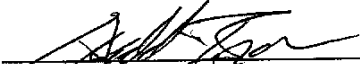
WHEREAS, the Board has adopted a policy that enables a Member who is leaving active service to elect a reduced pension and thereby provide a lifetime annuity to the Member's spouse, if the spouse survives the Member, equal to 100 percent of the reduced pension the Member was receiving at the time of death; and

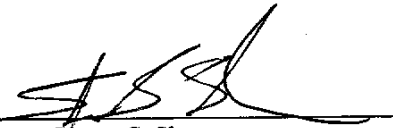
WHEREAS, the Board believes that a Member who has reached normal retirement age should not be forced to leave active service in order to provide a 100 percent joint and survivor annuity with the Member's spouse.

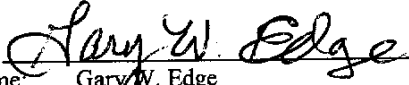
NOW THEREFORE, BE IT RESOLVED, that effective December 13, 2007, the surviving spouse of a Member, who dies after reaching normal retirement age but before leaving Active Service, shall be entitled to elect the survivors annuity equal to the survivor annuity the Member could have elected if such Member had left active service immediately before death.

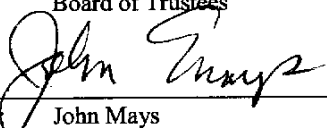
DALLAS POLICE AND FIRE PENSION SYSTEM

By: THE BOARD OF TRUSTEES ON BEHALF OF THE DALLAS POLICE AND FIRE PENSION SYSTEM

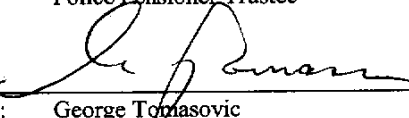
By: 
Name: Gerald Brown
Title: Chairman of and on behalf of the Board of Trustees

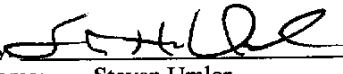
By: 
Name: Steven G. Shaw
Title: Vice-Chairman of and on behalf of the Board of Trustees

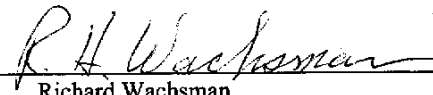
By: 
Name: Gary W. Edge
Title: Deputy Vice-Chairman

By: 
Name: John Mays
Title: Police Pensioner Trustee

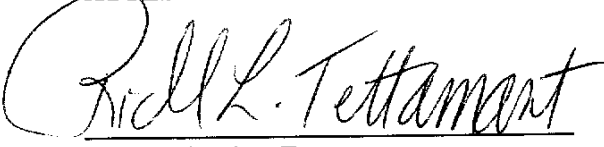
By: 
Name: Rector McCollum
Title: Police Trustee

By: 
Name: George Tomasovic
Title: Fire Trustee

By: 
Name: Steven Umlor
Title: Police Trustee

By: 
Name: Richard Wachsman
Title: Fire Pensioner Trustee

ATTEST:


Richard L. Tettamant

APPROVED AS TO FORM:


Everard Davenport



DISCUSSION SHEET

ITEM #C10

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, March 9, 2023



DISCUSSION SHEET

ITEM #C11

Topic: Closed Session - Board serving as Medical Committee

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

- a. Application for death benefits for disabled child 2023-1c
- b. Application for death benefits for disabled child 2023-2c

Discussion: Staff will present the applications for consideration by the Board of survivor benefits for two disabled child applications in accordance with Section 6.06(n) of Article 6243a-1.

Regular Board Meeting – Thursday, March 9, 2023



DISCUSSION SHEET

ITEM #C12

Topic: **Hardship Request**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.078 of the Texas Government Code.

Discussion: Article 6243a-1 Section 6.14(e-3)(2) allows a lump-sum distribution from the DROP account in the event of a financial hardship that is not reasonably foreseeable. Section 6.14(e-4) required the Board to adopt rules related to hardship distributions. The Board's rules are contained in Section G of the DROP Policy.

A DROP Annuitant submitted an application for a lump sum distribution from the DROP balance in accordance with the DROP policy. The DROP Policy requires that:

- a.** severe financial hardship exists at the time of the application (i.e., not one that may occur sometime in the future);
- b.** the hardship cannot be relieved through any other financial means (i.e., compensation from insurance or other sources, monthly annuity benefits, or liquidation of personal assets) unless using those other sources would also cause a financial hardship; and

Regular Board Meeting – Thursday, March 9, 2023

DISCUSSION SHEET

ITEM #C12

(continued)

- c. the amount requested in the application is reasonably related to and no greater than necessary to relieve the financial hardship.
- d. the hardship must relate to a circumstance authorized by the Board Policy or other similar extraordinary circumstances.

Staff

Recommendation: To be **provided** at the meeting.

Regular Board Meeting – Thursday, March 9, 2023



D A L L A S
POLICE & FIRE
PENSION SYSTEM



**DEFERRED RETIREMENT OPTION PLAN
POLICY
(DROP)**

As Amended Through June 11, 2020

**DEFERRED RETIREMENT OPTION PLAN
POLICY**

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J. Effective Date..... 12

Exhibit 1 Interest Ratesi

Exhibit 2 Life Expectancies Based on a January 1,ii
2020 DROP Annuity Commencement Date



DEFERRED RETIREMENT OPTION PLAN POLICY

**Adopted December 10, 1992
Amended through June 11, 2020**

A. PURPOSE

1. This policy provides rules governing the Deferred Retirement Option Plan of the Dallas Police and Fire Pension System (“DPFP”), as contemplated by Section 6.14 of Article 6243a-1 of Revised Statutes (the “Plan”) and the Supplemental Pension Plan for the Police and Fire Departments of the City of Dallas, Texas (the “Supplemental Plan”) where applicable. It is intended that DROP and the terms of this policy allow for the continued qualification of the Plan under Section 401 of the Internal Revenue Code (“Code”).
2. Any reference in this policy to a provision of the Plan shall also be considered a reference to the comparable provision of the Supplemental Plan if the applicant is a member of the Supplemental Plan.
3. The Executive Director may, if necessary, develop written procedures to implement this policy.
4. This policy may be amended at any time by the Board of Trustees (“Board”), consistent with the terms of the Plan.
5. Any capitalized terms not defined in this policy shall have the meaning ascribed to them in the Plan.

B. DEFINITIONS

1. **DROP** - The program whereby a Member while still in Active Service may elect to have an amount equal to the pension benefit that the Member would otherwise be eligible to receive be credited to a notional account on the Member’s behalf. A Member, as of his or her intended date of participation in DROP, must be eligible to retire and receive an immediate pension benefit. An election to enter DROP is irrevocable except for the one-time revocation window for certain Members that is described in Section D.
2. **DROP Account** - The notional account of a Member, retiree, beneficiary or Alternate Payee created pursuant to Section 6.14 of the Plan which existed or exists prior to any annuitization required under the Plan and in conformity with this policy.



Deferred Retirement Option Plan Policy
As amended through June 11, 2020
Page 2 of 12

B. DEFINITIONS (continued)

3. **DROP Annuitant** – The holder of a DROP Annuity.
4. **DROP Annuity** – The series of equal payments created when a DROP Account is annuitized as required under the Plan and in conformity with this policy.

C. ENTRY INTO DROP

1. The application of any Member applying for DROP participation will be placed on the agenda for a Board meeting as soon as administratively practicable following the date the application is received for consideration and approval.
2. If the Board approves a DROP application, the application will become effective on the first day of the month in which the Board approves the application.
3. At the time of entry into DROP, the Member must irrevocably select the Plan benefit he or she will receive at the time his or her pension benefit will commence upon retirement with the Member's pension benefit calculated as of the effective date of entering DROP. While on Active Service, these benefit amounts that the Member would have otherwise received if he or she would have retired on his or her effective date of DROP participation will be credited to the DROP Account.
4. Once a Member has elected to participate in DROP, that election is irrevocable except as further described in Section D.
5. A Group B Member who obtains a rank that is higher than the highest Civil Service Rank for the City of Dallas after the effective date of his or her participation in DROP will not participate in the Supplemental Plan.
6. As of the effective date of his or her participation in DROP, the Member will no longer be entitled to obtain additional Pension Service by repaying previously withdrawn contributions or paying for any Pension Service that could have been purchased under the Plan prior to DROP entry. However, a Member who is entitled, under Section 5.08 of the Plan, to purchase credit for Pension Service for any period he or she was on a military leave of absence may still purchase that Pension Service after entering DROP so long as the required contributions are made no later than the time provided by the Uniformed Services Employment and Reemployment Rights Act ("USERRA").
7. The Board shall interpret the Plan and this policy to ensure that Members' rights are fully protected as required by USERRA.



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D. DROP REVOCATION

1. A Member who was a DROP participant on or before June 1, 2017, has a one-time opportunity to revoke his or her DROP election. The revocation must be made before the earlier of February 28, 2018, or the date that the Member terminates Active Service. The revocation must be made by filing with the Executive Director a completed DROP revocation election form that has been approved by the Executive Director.
2. A DROP revocation eliminates the balance in a Member's DROP Account. The Member's benefit will then be established at the earlier of when the Member either (a) reenters DROP or (b) retires with DFPF, and will be calculated at that time under the Plan based upon the Member's total Pension Service and historic Computation Pay (highest 36 consecutive months for Pension Service prior to September 1, 2017 and highest 60 consecutive months for Pension Service on or after September 1, 2017.)
3. Any revocation of DROP participation described in this Section shall be for the entire period that the Member participated in DROP. No partial revocation of DROP participation shall be accepted.
4. No Member shall be entitled to revoke his or her DROP participation if any amount has been transferred out of such Member's DROP Account, except for any transfers related to corrections to DROP Accounts.
5. A Member will be credited with Pension Service for all or a portion (one-half) of the period relating to the revoked DROP participation if the Member who revoked the DROP participation purchases such Pension Service in an amount equal to the sum of: (a) the Member contributions that would have been made if the Member had not been a DROP participant during such period of DROP participation and (b) interest on such Member contributions, calculated on the contributions for the period from the dates the contributions would have been made if the Member had not been a DROP participant through the date of purchase. Interest will be calculated (a) through February 28, 2018 at the monthly rate of change of the U.S. City Average All Items Consumer Price Index (unadjusted) for All Urban Wage Earners and Clerical Workers for the applicable periods and (b) after February 28, 2018 at the interest rate used from time to time in DFPF's actuarial rate of return assumptions, compounded annually. Periods where the monthly rate of change was negative shall be computed as zero interest for such periods. DFPF staff shall be authorized to establish procedures for implementing the interest calculation required in this Section.



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D. DROP REVOCATION (continued)

6. A Member may purchase Pension Service relating to the period of revoked DROP participation in increments of one-half of his or her total Pension Service during DROP participation. If a Member elects to purchase one-half of his or her total Pension Service available to be purchased following the DROP revocation, (a) a Member may not elect to purchase Pension Service relating to specific time periods during his or her DROP participation and (b) the amount of the Member contributions for purposes of such purchase will be one-half of the total amount required to be paid pursuant to Section D.5. above.
7. If a Member elects to purchase one-half of his or her Pension Service available to be purchased following the DROP revocation, the Member may subsequently purchase the remaining one-half of the Pension Service available, but must complete such purchase prior to any election to reenter DROP or terminating Active Service. The amount to be paid for the remaining Pension Service to be purchased will be calculated pursuant to subsections 4 and 5 above, with interest continuing to accrue on the portion that has not yet been paid at the rate used from time to time in DPFP's actuarial rate of return assumptions, compounded annually, calculated from the date of the original Pension Service purchase through the date of the purchase of the remaining Pension Service.
8. Only full payment will be accepted for the amount of any Pension Service elected to be purchased under this Section. No partial payment will be accepted. Direct rollovers from other tax-qualified plans or similar employer plans, including governmental Section 401(k) (including the City of Dallas 401(k) Retirement Savings Plan) and 457(b) deferred compensation plans and Section 403(b) annuity arrangements will be accepted for payment to the extent such plans permit such rollovers. Payment is not permitted from the Member's DROP account.
9. For the purposes of calculating a Member's pension benefit in the case where a Member purchases only one-half of the total Pension Service available for the period relating to a DROP revocation, the purchased Pension Service attributable to time prior to September 1, 2017 shall be equal to the product of: (a) the amount of Pension Service purchased, multiplied by (b) a fraction of which the numerator equals the Pension Service available for purchase representing periods prior to September 1, 2017, and the denominator equals the total Pension Service available for purchase in connection with the DROP revocation.
10. All DROP revocation election forms must be received by DPFP in proper order by February 28, 2018 and will be considered effective as of September 6, 2017 after approval by DPFP staff that the form is in proper order. Approval of the Board shall not be required for a DROP revocation to become effective.



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E. ANNUITIZATION OF DROP ACCOUNTS

1. Methodology

DPFP staff, with the assistance of DPFP's Qualified Actuary, shall determine the annuitization of all DROP Accounts as required by the Plan and consistent with this policy.

2. Interest Rates

To reflect the accrual of interest over the annuitization period of a DROP Annuity as required under the Plan, the accrual of interest for all DROP Annuities shall be calculated utilizing an interest rate based on the published United States Department of Commerce Daily Treasury Yield Curve Rates ("Treasury Rates") for durations between 5 and 30 years, rounded to two decimal places. If an annuitization period for a DROP Annuity is between the years for which Treasury Rates are established, then a straight-line linear interpolation shall be used to determine the interest rate. The interest rates for purposes of this subsection E.2. will be set on the first business day of each quarter (January, April, July and October) and will be based upon the average of the Treasury Rates as published on the 15th day of the three prior months, or the next business day after the 15th day of a month if the 15th day falls upon a day when rates are not published. Based upon advice from DPFP's Qualified Actuary upon implementation of this policy, interest rates to be used in calculating DROP Annuities with an annuitization period that exceeds thirty years will be the Treasury Rate published for the 30-year duration as Treasury Rates beyond thirty years do not exist. The initial interest rates effective as of October 1, 2017, are attached to this policy as Exhibit 1.

3. Mortality Table

The Board shall, based upon the recommendation of DPFP's Qualified Actuary, adopt a mortality table to be utilized in determining life expectancy for purposes of calculating DROP Annuities. The mortality table shall be based on the healthy annuitant mortality tables used in the most current actuarial valuation and blended in a manner to approximate the male/female ratio of holders of DROP accounts and DROP annuities. The Board will review this table and male/female blended ratio upon the earlier of (i) the conclusion of any actuarial experience study performed by DPFP's Qualified Actuary or (ii) any change to mortality assumptions in DPFP's annual actuarial valuation. Actual ages used in calculating life expectancy will be rounded to two decimals. The life expectancy will be rounded to the nearest whole year. Life expectancy in whole years based on an annuitization date and the mortality table recommended by DPFP's Qualified Actuary shown in Exhibit 2.



E. ANNUITIZATION OF DROP ACCOUNTS (continued)

4. Initial Annuitization of Non-Member's DROP Accounts

- a. The first payment of DROP Annuities after annuitization of all DROP Accounts in existence on or after September 1, 2017, except those DROP Accounts of Members, shall commence the last business day of the month in which this policy is adopted, or as soon as practicable thereafter.
- b. The initial annuitization of all non-Member DROP Accounts existing on September 1, 2017 will be calculated and implemented on the basis of a monthly annuity. DPFP staff will send notices to the holders of such DROP Annuities to inform them that they have sixty (60) days from the date of such notice to make a one-time election to have the monthly DROP Annuity converted to an annual annuity. If a DROP Annuitant makes such an election, the monthly DROP Annuity payments will cease as soon as administratively practicable, and the first payment of the annual DROP Annuity will begin 12 months after the last monthly payment made to the DROP Annuitant.
- c. For purposes of the initial annuitization described in this subsection E.4., any DROP Account which is held by a non-Member at any time on or after September 1, 2017, but prior to the initial annuitization pursuant to subsection E.4.a. above, shall (i) be adjusted to reflect any distributions to such non-Member after September 1, 2017, but prior to the initial annuitization and (ii) accrue interest for the period from September 1, 2017 through the date of initial annuitization at the same rate as the interest rate applicable pursuant to subsection E.2. in the calculation of the initial DROP Annuity.
- d. Annuitization of any non-Member DROP Account under this subsection E.4. will be based on the age of the holder of such DROP Account as of the first day of the month when the annuitization of DROP Accounts under this subsection E.4. occurs. In the case of a DROP Account which is held by a trust, such DROP Account will be annuitized using the age of the oldest beneficiary of the trust.

5. Annuitization of Member DROP Accounts

- a. The DROP Annuity for a Member shall be calculated based upon the Member's age and DROP Account balance on the effective date of the Member's retirement. The interest rate applicable to the calculation of the Member's DROP Annuity will be the interest rate in effect under subsection E.2. during the month the Member terminates Active Service. Payment of the DROP Annuity shall commence effective as of the first day of the month in which the Member's retirement commences.



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E. ANNUITIZATION OF DROP ACCOUNTS (continued)

5. Annuitization of Member DROP Accounts (continued)

- b. Each Member as part of the retirement process shall be given the opportunity to elect either a monthly or annual DROP Annuity. If no election is made, the Member will be deemed to have elected a monthly DROP Annuity.

6. Annuitization of Alternate Payee's Account

The DROP Annuity for any Alternate Payee receiving a portion of a Member's DROP Account through a Qualified Domestic Relations Order after the date of this policy shall commence on the earlier of (i) the date the Member's DROP Annuity commences or (ii) the first day of the month the Alternate Payee reaches age 58. Calculation of the DROP Annuity of an Alternate Payee will be based on the age of the Alternate Payee and the interest rate in effect under subsection E.2 upon commencement of the DROP Annuity.

7. Annuitization and Payments to Beneficiaries

- a. Upon the death of a Member, the DROP Account of such Member shall be transferred to the Member's beneficiary(ies) pursuant to Section F of this policy. Such transferred account shall be annuitized as promptly as administratively practicable utilizing the interest rate in effect under subsection E.2. and the age of the beneficiary at the time of the Member's death in calculating the beneficiary's DROP Annuity.
- b. Upon the death of a DROP Annuitant, the remaining DROP Annuity shall be paid to the beneficiary designated by such DROP Annuitant and shall be divided if there are multiple beneficiaries as designated by the DROP Annuitant pursuant to Section F of this policy. DFPF shall only be responsible for payments to beneficiaries after DFPF has actual knowledge of the death of a DROP annuitant.

8. Revised Annuity in the Event of an Unforeseeable Financial Hardship Distribution

If any DROP Annuitant shall receive a distribution pursuant to Section G hereof, the DROP Annuity of such DROP Annuitant shall be re-annuitized through a calculation using (a) the interest rate utilized in the calculation of the original DROP Annuity, (b) the present value of the DROP Annuity on the date of the unforeseeable financial hardship distribution as calculated by DFPF's Qualified Actuary, and (c) the remaining number of months in the life expectancy utilized in the calculation of the original DROP Annuity.



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E. ANNUITIZATION OF DROP ACCOUNTS (continued)

9. Annuitization Procedure in the Event of a Rehiring

If a DROP Annuitant is rehired and becomes a Member, such person's DROP Annuity will cease (the "Ceased DROP Annuity") effective upon the DROP Annuitant resuming Active Service. When the DROP Annuitant leaves Active Service, the Ceased DROP Annuity will be re-annuitized and recommence based upon the original interest rate and the remaining number of years in the existing DROP Annuity. If the DROP Annuitant shall be eligible under the Plan for additional credits to a DROP Account (the "Additional DROP Account") after recommencing Active Service, then upon the DROP Annuitant leaving Active Service, any amount in the Additional DROP Account shall be annuitized pursuant to subsection E.5.

F. DESIGNATION OF BENEFICIARIES

1. A DROP participant will have the opportunity to designate a primary beneficiary (or primary beneficiaries) and a contingent beneficiary (or contingent beneficiaries) of his or her DROP Account either when filing the application for DROP participation, or thereafter, on a beneficiary form provided by DFPF for this purpose. The named beneficiary must be a living person at the time of the filing of the beneficiary form. No trusts may be named as a beneficiary, except for a trust established for a child who is entitled to benefits pursuant to Section 6.06 (n)(1) of the Plan ("Special Needs Trust"). Existing trusts which have a DROP Account as of the date of this policy will be permitted and will be annuitized pursuant to Section E.4. and the age of the oldest beneficiary of the trust will be utilized for purposes of the annuitization. Special Needs Trusts will be annuitized based upon the age of the child.
2. In the case of a holder of DROP Annuity who dies where no living person is named as a beneficiary, the remaining DROP Annuity will be paid to the deceased DROP Annuitant's estate. In the case of a Member who dies with a DROP Account where no living person is named as a beneficiary, the DROP Account will be annuitized based upon the life of the youngest heir to the deceased Member's estate and the resulting DROP Annuity will be paid to the estate.
3. Beneficiaries of a Member's DROP Account or a DROP Annuitant's DROP Annuity are not limited to the Qualified Survivors. Upon request, DFPF will divide a deceased participant's DROP Account or DROP Annuity among the designated beneficiaries at the time of the DROP participant's death.



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F. DESIGNATION OF BENEFICIARIES (continued)

4. Upon the death of a DROP participant, the DROP participant's DROP Account or DROP Annuity shall become the property of the surviving spouse unless either (i) the surviving spouse has specifically waived his or her right to such funds or (ii) the surviving spouse's marriage to the DROP participant occurred after January 14, 2016 and the participant had already joined DROP and named a beneficiary other than the surviving spouse who was not the participant's spouse at the time of the beneficiary election, and will be transferred to the name of the surviving spouse or such other named beneficiary or beneficiaries. DROP Annuities shall be paid to the designated beneficiaries in accordance with the last beneficiary form on file in the DFPF administrative office upon that office's receipt of sufficient evidence of the DROP participant's death.

G. HARDSHIPS

1. Pursuant to the Plan, a DROP Annuitant who was a former Member of the Plan (a "Retiree Annuitant") may apply for a lump sum distribution relating to his or her DROP Annuity in the event that the Retiree Annuitant experiences a financial hardship that was not reasonably foreseeable. To qualify for an unforeseeable financial hardship distribution, a Retiree Annuitant (or the estate of a Retiree Annuitant in the case of subsection G.2.e.) must demonstrate that:
 - a. a severe financial hardship exists at the time of the application (i.e., not one that may occur sometime in the future);
 - b. the hardship cannot be relieved through any other financial means (i.e., compensation from insurance or other sources, monthly annuity benefits, or liquidation of personal assets) unless using those other sources would also cause a financial hardship; and
 - c. the amount requested in the application is reasonably related to and no greater than necessary to relieve the financial hardship.
2. The Board shall only recognize the following circumstances as an unforeseeable financial hardship that is eligible for a lump sum distribution:
 - a. the need to repair damage to a Retiree Annuitant's primary residence not covered by insurance as the result of a natural disaster or significant event (i.e., fire, flood, hurricane, earthquake, etc.);
 - b. the need to make significant changes to a Retiree Annuitant's primary residence not covered by insurance because of medical necessity;



G. HARDSHIPS (continued)

- c. the need to pay for medical expenses of the Retiree Annuitant, a Retiree Annuitant's spouse, or a dependent child or relative of the Retiree Annuitant as described under Code section 152(c) and (d), including non-refundable deductibles, as well as for the cost of prescription drug medication;
 - d. the need to pay for the funeral expenses of a parent, child, grandchild or spouse of the Retiree Annuitant, including reasonable travel and housing costs for the Retiree Annuitant, their spouse, parent, child or grandchild;
 - e. the need of the estate of a Retiree Annuitant to pay for the medical expenses or the funeral expenses of the Retiree Annuitant; or
 - f. other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Retiree Annuitant.
3. DFPF staff will develop procedures relating to the application for an unforeseeable financial hardship distribution, which will include, at a minimum, a notarized statement by the applicant relating to the requirements for eligibility and documentation sufficient to demonstrate such eligibility. Following submission of the required financial hardship distribution application, the notarized statement, and other required documentation as stated in the application form, DFPF staff shall review the materials and inform the Retiree Annuitant within thirty (30) days whether any additional information or documentation is required or requested. Once all required and/or requested documentation has been submitted, the Retiree Annuitant shall be informed within thirty (30) days if (i) the Retiree Annuitant is eligible for an unforeseeable financial hardship distribution or (ii) the matter has been referred to the Board for consideration at the next regular meeting. After an unforeseeable financial hardship distribution has been made to a Retiree Annuitant, a Retiree Annuitant may not request an additional unforeseeable financial hardship distribution for ninety (90) days from the date of distribution of any amount under this Section.
 4. The Executive Director shall have the authority to approve an application for an unforeseeable financial hardship distribution. The Executive Director shall submit to the Board for final action by the Board any recommended denial, in whole or in part, of any request for an unforeseeable financial hardship distribution. Determinations of the Board and the Executive Director on applications for unforeseeable financial hardship distributions are final and binding. Once an unforeseeable financial hardship distribution has been approved by either the Executive Director or the Board, payment of the distribution shall be made to the Retiree Annuitant as soon as administratively practicable.



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G. HARDSHIPS (continued)

5. For the purposes of this Section G, the term “dependent” shall mean any person who is claimed by a Retiree Annuitant as a dependent on the Retiree Annuitant’s federal income tax return in any year for which a distribution is sought under this Section G.
6. Distributions under this Section G shall only be available for persons who (a) entered DROP prior to June 1, 2017 and (b) who have not revoked a DROP election under Section D. of this policy.
7. No claims for hardship distributions will be accepted for any circumstances which give rise to the hardship where such circumstances occurred more than six months (nine months in the case of a filing by the estate of a Retiree Annuitant pursuant to subsection G.2.e.) prior to the date of filing of the application pursuant to subsection G.3.

H. 100% Joint and Survivor Benefit

1. Coterminous with entry into DROP, a Member shall have the right to make the election provided for under Section 6.063(a)(1) of the Plan and such an election will not be subject to the requirement set forth in Section 6.063(e) of the Plan.
2. Subsequent to a Member’s entry into DROP, if the Member has not made the election provided for in Section H.1., the Member shall have the right to make the election provided for under Section 6.063(a)(1) and such an election will be subject to the requirement set forth in Section 6.063(e). If a Member shall die while on Active Service within one year after making the election under this Section H.2., then the Member’s DROP Account shall be increased by the reduced benefit amount which is contemplated by Section 6.063(e) to be paid to the surviving spouse.
3. If a Member makes an election under either Section H.1. or H.2., the amount credited to the Member’s DROP balance will be adjusted accordingly.
4. If a Member should remarry while on Active Service after making an election under Section H.1 or H.2, then the Member’s benefit shall be recalculated and adjusted based upon the age of the new spouse, effective as of the date of marriage as if the Member had made a new election under Section 6.063(a)(1); provided however, that (i) if the Member had made the election pursuant to Section H.1., the Member shall not be subject to the requirement set forth in Section 6.063(e) for such remarriage and recalculation and (ii) if the Member had the election pursuant to Section H.2., the one year requirement under Section 6.063(e) shall be deemed to have commenced upon the original election.



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H. 100% Joint and Survivor Benefit (continued)

5. Members who are in DROP as of the effective date of this Policy shall be afforded the opportunity through the first to occur of (i) their retirement date or (ii) October 31, 2018 to make the election provided for in Section H.1 and after October 31, 2018, such Members shall be entitled to make the election provided for in Section H.2.
6. Nothing in this DROP Policy shall affect or impair the right of a Member to make the election provided for in Section 6.063(a) upon or after the Member's retirement if the Member shall not make the election provided for in this Section H, provided, however, that any election made by a Member of Pensioner after their entry into DROP, notwithstanding any other provision of Section 6.063, shall be subject to the provisions of Section 6.063(e).

I. COMMENCEMENT OF RETIREMENT BENEFIT

For any Member retiring and commencing receipt of their monthly retirement benefit, other than Members who have participated in DROP for ten years or more and are subject to the limitation set forth in the last sentence of Section 6.14(c) (a "10 Year Limitation DROP participant"), such Member's retirement benefit shall commence on the first day of the month such Member's retirement becomes effective. For any 10 Year Limitation DROP participant, such Member's monthly retirement benefit shall commence on the effective date of such Member's retirement.

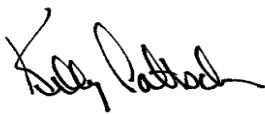
J. EFFECTIVE DATE

APPROVED on June 11, 2020 by the Board of Trustees of the Dallas Police and Fire Pension System.



William F. Quinn
Chairman

ATTEST:



Kelly Gottschalk
Secretary



Exhibit 1- Interest Rates

Published Rate	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
7/17/2017	1.86	2.12	2.31	2.65	2.89
8/15/2017	1.83	2.09	2.27	2.60	2.84
9/15/2017	1.81	2.04	2.20	2.52	2.77
Average	1.83	2.08	2.26	2.59	2.83



Exhibit 2 – Life Expectancies Based on a January 1, 2020 Annuity Commencement Date

Table effective for annuitizations beginning on or after July 1, 2020

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Expected Lifetime in Years Based on a January 1, 2020 Commencement Date

Expected Lifetime		Expected Lifetime	
Age	(Years)	Age	(Years)
21	65	56	30
22	64	57	29
23	63	58	28
24	62	59	27
25	61	60	26
26	60	61	25
27	59	62	24
28	58	63	23
29	57	64	22
30	56	65	21
31	55	66	21
32	54	67	20
33	53	68	19
34	52	69	18
35	51	70	17
36	50	71	16
37	49	72	15
38	48	73	15
39	47	74	14
40	46	75	13
41	45	76	12
42	44	77	12
43	43	78	11
44	42	79	10
45	41	80	10
46	40	81	9
47	39	82	8
48	38	83	8
49	37	84	7
50	36	85	7
51	35	86	6
52	34	87	6
53	33	88	6
54	32	89	5
55	31	90	5

Mortality Table

Sex distinct Pub-2010 Public Safety Retiree Amount-Weighted Mortality Tables, with the female table set back one year; projected generationally using Scale MP-2019. The sex-distinct tables are blended 85% male and 15% female.





DISCUSSION SHEET

ITEM #D1

Topic: Public Comment

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

Regular Board Meeting – Thursday, March 9, 2023



DISCUSSION SHEET

ITEM #D2

Topic: Executive Director's report

- a. Associations' newsletters
 - NCPERS Monitor (March 2023)
 - TEXPERS Pension Observer (Vol. 1 2023)
[TEXPERS Pension Observer Vol 1, 2023 \(anyflip.com\)](https://anyflip.com)
- b. Open Records
- c. Fiduciary Insurance Update
- d. Employee Service Award

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

Regular Board Meeting – Thursday, March 9, 2023

THE NCPERS

MONITOR

The Latest in Legislative News

March 2023

In This Issue

3 Executive Director's Corner



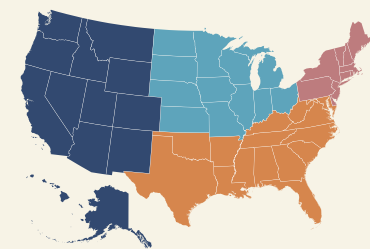
As the largest trade association representing the interests of public pension funds, NCPERS is constantly working to evaluate and optimize its membership benefits to best serve the public pension community.

6 HELPS +



HELPS allows eligible retired public safety officers to elect to exclude from gross income up to \$3,000 in annual distributions from a governmental retirement plan to pay qualified health insurance or long-term care premiums.

9 Around the Regions



This month, we will highlight Indiana, Pennsylvania, Kentucky, and Arizona.

Governance and Public Pension Returns



A [recently released academic paper](#) by Stanford University’s Ashby Monk and Dane Rook argues that institutional investors’ identity, or organizational capability, is the key driver of investment returns. They describe three ‘enablers’—governance, culture, and technology—as the differentiating factors that can be used to improve the quality of the inputs—capital, information, people, and processes—that drive returns. To test this, they apply this framework to five different traditional “models” (i.e. the Yale model and Canadian model) of institutional investing.

Monk and Rook argue that “to improve long-term performance, investors absolutely need to examine their governance, culture, and technology, as well as ways in which these enablers can be better utilized to improve the quality and combination of their inputs.”

How does US pension governance stack up?

Despite the strong investment performance of most US public pension funds, the governance structure of public pensions is often questioned by the media and public. For example, a recent Bloomberg [story](#) inaccurately and simplistically portrayed the current system of governance—where boards are comprised of ex-officio, union and retiree members—as ineffective and leading to subpar performance. Comparing US funds’ governance structure to those more common with large, aggregated funds in Canada, the author criticized US trustees broadly for lacking an investment or academic background.

Contrary to the Bloomberg article's conclusions, US public retirement systems governed by members from key stakeholder groups (e.g. unions, retirees, government officials, appointees) are as likely, if not more likely, to be effectively managed than are large, aggregated funds in Canada, Holland and other countries where boards are often comprised of academics and "investment professionals" whose proximity to members and stakeholders may be remote.

US public pensions are hardly overseen by 'investing novices,' as the Bloomberg article suggests. Nearly 70 percent of US public pensions' revenue comes from investment earnings, according to the most recent [NCPERS Public Retirement Systems Study](#).

Authors of the [2019 study](#), *Does Public Pension Board Composition Impact Returns?*, noted that "adequate stakeholder representation – i.e., plan participants, government officials, and general public members with a voting presence on the board – contributes to board efficacy by promoting board legitimacy to various stakeholders."

While it's vital to have the appropriate skill sets to execute fiduciary duties on a board, the growing consensus from researchers is that it's not the only factor in driving returns. Further, investment professionals do not have a crystal ball, as evidenced by the dot com and FTX crashes. Results are not guaranteed.

Despite the strong investment performance of most US public pension funds, the governance structure of public pensions is often questioned by the media and public.

Public funds' median returns measurably outperformed the vast majority of target date funds that are offered under 401(k) plans, which are of course managed by professionals, for the year-to-date through September 30, 2022 amid volatile markets.

Due to better diversification (and impacts of corporate plan de-risking), the public fund median return outperformed the corporate pension fund median returns by one percent over the 10-years ended June 30, 2022, returning 7.4 percent vs. 6.4 percent respectively. On average, state and local government pension plans returned 8.7 percent for the 30-year period ended in December 2021.



NCPERS Accredited Fiduciary (NAF) Program

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

SPRING CLASS
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FALL CLASS
OCTOBER 21 - 22 | LAS VEGAS

And through [effective governance](#), the majority of state and local plans recovered assets within six years of the Great Recession and have strengthened their long-term sustainability, according to new research from the National Institute of Retirement Security.

How does board composition impact returns?

Pension boards have an important role in governance, but how does board composition impact returns? A [2019 study](#) from the Center for Retirement Research at Boston College looked to answer this question. The study cites existing research that demonstrates having both adequate stakeholder representation and appropriate skills sets and expertise to execute fiduciary responsibilities are key to success.

Researchers created a 'Board Effectiveness Index' by scoring plans based on implementation of best practices for board structure, composition, size, and member tenure to analyze the relationship between these factors and a plan's 10-year investment returns.

They found a positive relationship between the score and investment performance, with a 1-point increase in a plan's score correlating with a 14-basis point increase in its 10-year investment return. "Given these results, public pension funds may be best served by taking a holistic view of the many aspects of a board

Ongoing trustee education is important to ensure board members are equipped with the skills needed to effectively fulfill their fiduciary duties.

that contribute to its effectiveness, rather than focusing on any single feature," researchers conclude.

No matter the composition of the board, however, ongoing trustee education is important to ensure board members are equipped with the skills needed to effectively fulfill their fiduciary duties. NCPERS offers two programs specifically for trustees—the [Trustee Educational Seminar \(TEDS\)](#) and [NCPERS Accredited Fiduciary \(NAF\)](#) program. Both will be held May 20-21 in New Orleans in conjunction with the 2023 [Annual Conference & Exhibition \(ACE\)](#). ♦



2023
CHIEF OFFICERS SUMMIT

Where Public Pension Leaders Engage!

JUNE 19-21
DENVER, CO



Adapting to the Evolving Needs of the Public Pension Community



As the largest trade association representing the interests of public pension funds, NCPERS is constantly working to evaluate and optimize its membership benefits to best serve the public pension community. And often, this means continually adapting to the changing needs of the industry.

In the past few years, we've seen both bull and markets. We've adapted to an increasingly digital-first world and seen pensions begin to embrace technologies like mobile apps and online portals. We've seen challenges across industries with recruitment and retention during the 'great resignation.'

NCPERS is constantly working to evaluate and optimize its membership benefits to best serve the public pension community.

And we continue to adapt.

In 2020, NCPERS launched the [CEO](#) and [CIO](#) roundtables to bring public pension executives together virtually to ask questions and discuss timely topics with peers across the country. This concept expanded in 2022 with the [communications roundtable](#).

To help pensions increase digital access for active and retired plan participants, we partnered with Digital Deployment to offer NCPERS members a 10 percent discount on the [PensionX platform](#).

In 2022, we developed the inaugural [Public Pension Compensation Survey](#) to help funds benchmark their compensation and benefits packages against peers. We also launched a [monthly roundup](#) of pension industry job listings, RFPs, hiring, and retirement announcements.

And earlier this year, we hosted the inaugural [Public Pension Communications Summit](#) to help address the unique communications challenges that public pension plans and industry stakeholders face.

So what's next for NCPERS?

To start, we'll be updating the format of *The Monitor* to be more flexible in order to provide more relevant content about what's

happening in the public pension space. You can still expect to find the latest in legislative news and updates from NCPERS, but you'll also begin to see more news about your peers (including a series of [public pension profiles](#)), timely research, and industry happenings.

Overall, NCPERS is ramping up its efforts to highlight our members' innovative work and dedication to serving their active members, retirees, and communities. Put simply, we want you to send us updates about your organization so we can share them with the broader public pension community or provide additional coverage in our publications and other digital channels.

These updates might include:

- Promotions, retirements, job postings, or RFPs for our [career roundups](#)
- Organizational success stories - from communications campaigns to operational efficiencies to DEI initiatives to work anniversaries.
- Suggestions for topics you'd like us to cover on our [blog](#)

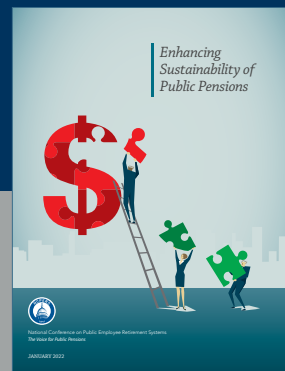
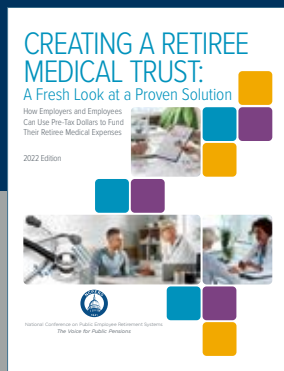
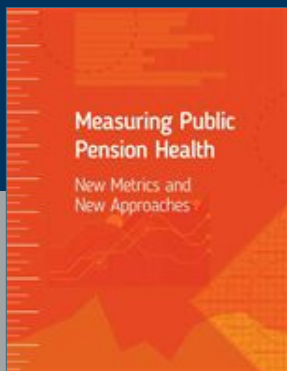
Overall, NCPERS is ramping up its efforts to highlight our members' innovative work and dedication to serving their active members, retirees, and communities.

- Case studies or research
- Any other updates you want to share - we want to hear from you!

Please submit your updates to communications@ncpers.org.

As always, your input is invaluable as we continue to adapt. Please do not hesitate to reach out with any comments or feedback. ♦

Don't miss the latest research from NCPERS.



Find new metrics and approaches for measuring public pension health, research on how employers and employees can use pre-tax dollars to fund retiree medical expenses, and more.

LEARN MORE

HELPS +

By Tony Roda



The Healthcare Enhancement for Local Public Safety Act (HELPS) is found at Internal Revenue Code Section 402(l). It was enacted as part of the Pension Protection Act of 2006, and recently amended in the SECURE Act 2.0.

HELPS allows eligible retired public safety officers to elect to exclude from gross income up to \$3,000 in annual distributions from a governmental retirement plan to pay qualified health insurance or long-term care premiums. The original HELPS Act required the payment of premiums to be made directly by the retirement plan to the provider of the health care or long-term care insurance.

HELPS allows eligible retired public safety officers to elect to exclude from gross income up to \$3,000 in annual distributions from a governmental retirement plan to pay qualified health insurance or long-term care premiums.

To comply with the direct payment requirement, state and local retirement systems had to directly pay often numerous health and long-term care providers and keep track of changes to premium amounts and payment deadlines for thousands and sometimes tens of thousands of retirees. This already challenging task was made even more difficult because providers often were allowed to communicate only with the retiree policyholder and not with the retirement system. Information did not flow seamlessly, and inadvertent errors were made. In addition, due to the complexity, some retirement systems 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 SECURE Act 2.0 made direct payment optional and created an alternative to the current method, namely allowing the retirement system to make the distribution to the retired public safety officer. The retiree can now make the premium payment to the insurance provider and remain eligible for the tax exclusion. In cases where the distribution is made to the retiree, the retiree must include with their tax return an attestation that the amount sought to be excluded from the pension distribution does not exceed the amount paid by the employee for qualified health care or long-term care insurance premiums for the taxable year.

Successfully fixing the direct payment requirement in the SECURE Act 2.0 now allows NCPERS and others in the public safety stakeholder community to focus on legislation that would increase the annual exclusion cap under HELPS. The \$3,000 cap has not been increased

since its inception in 2006 despite significant increases in premiums for health care and long-term care insurance over that 17-year period.

Rep. Abigail Spanberger (D-VA) has introduced H.R. 957, which would increase the annual exclusion cap under HELPS from \$3,000 to \$6,000. Congresswoman Spanberger was able to secure two Members of the House Ways and Means Committee as original cosponsors of the bill, Reps. Brian Fitzpatrick (R-PA) and Dan Kildee (D-MI). In addition, centrist Republican Don Bacon (NE) is a cosponsor. That is a solid core group of support for the legislation.

The next major step in this effort will be to identify a Senate sponsor for the legislation. It will be important to secure bipartisan sponsors for the bill who also serve on the Senate Finance Committee, which has jurisdiction over the federal tax code.

It's important to also point out that numerous retirement-related provisions in the tax code are indexed for inflation, including annual limits for contributions to 401(k), 457(b), and 403(b) accounts. This is done both as a matter of fairness for taxpayers. During the upcoming consideration of legislation to increase the cap under HELPS, we also expect discussions on the issue of whether to index the HELPS annual exclusion for inflation for future years so that Congress does not have to continually revisit the exclusion cap in subsequent years.

While we don't expect retirement legislation to be enacted in the 118th Congress, we will have important work to do over the next two years. We need to refine any new policy proposals, draft legislation, identify bipartisan and bicameral sponsors who serve on the committees of jurisdiction, and introduce the bills. We should look at the 118th Congress as the staging ground for the next round of retirement tax law changes, i.e., the SECURE Act 3.0.

Please be assured that NCPERS will keep its members up to date on any significant developments regarding the HELPS exclusion cap. ♦

[Tony Roda](#) is a partner at the Washington, D.C. law and lobbying firm [Williams & Jensen](#), where he specializes in federal legislative and regulatory issues 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 Catholic University of America, and LL.M (tax law) from Georgetown University.

Order your copy of NCPERS 2022 Public Pension Compensation Survey today.

Access in-depth compensation and benefits data from more than 150 public pension funds representing more than 9 million active and retired individuals.

[LEARN MORE](#)

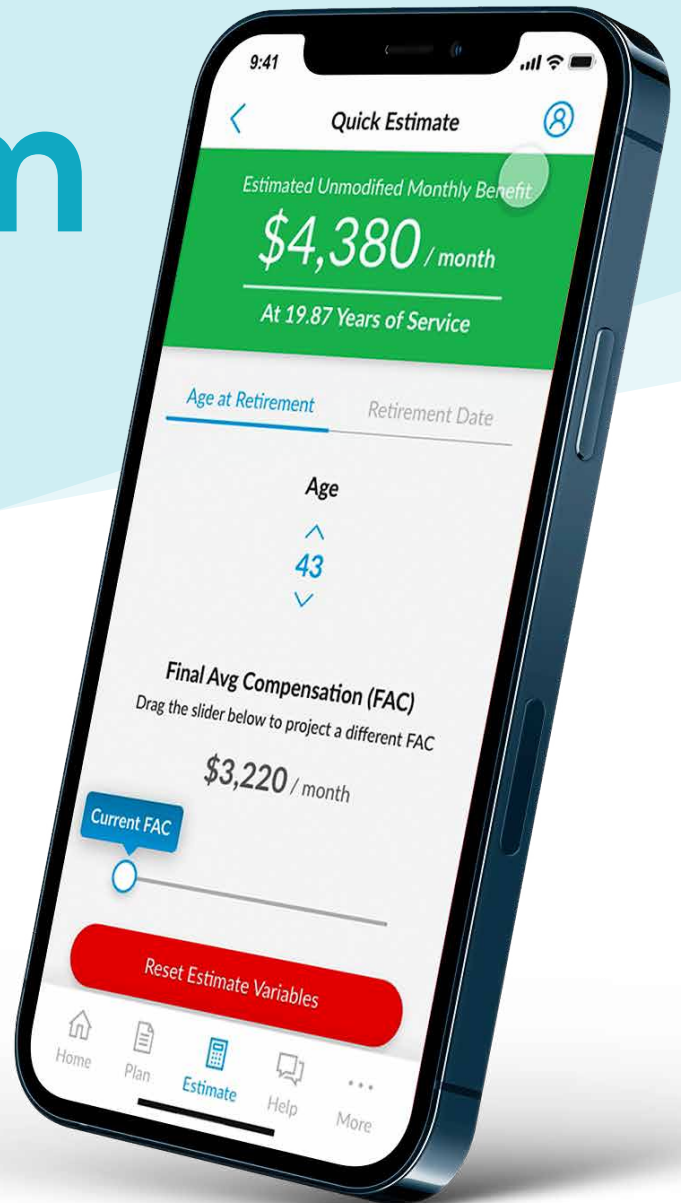


NCPERS PensionX Digital Platform

NCPERS has partnered with Digital Deployment to offer its members a **10% DISCOUNT** on PensionX, the premier digital platform that securely enables pensions to engage with active and retired participants via a mobile self-service app and portal.

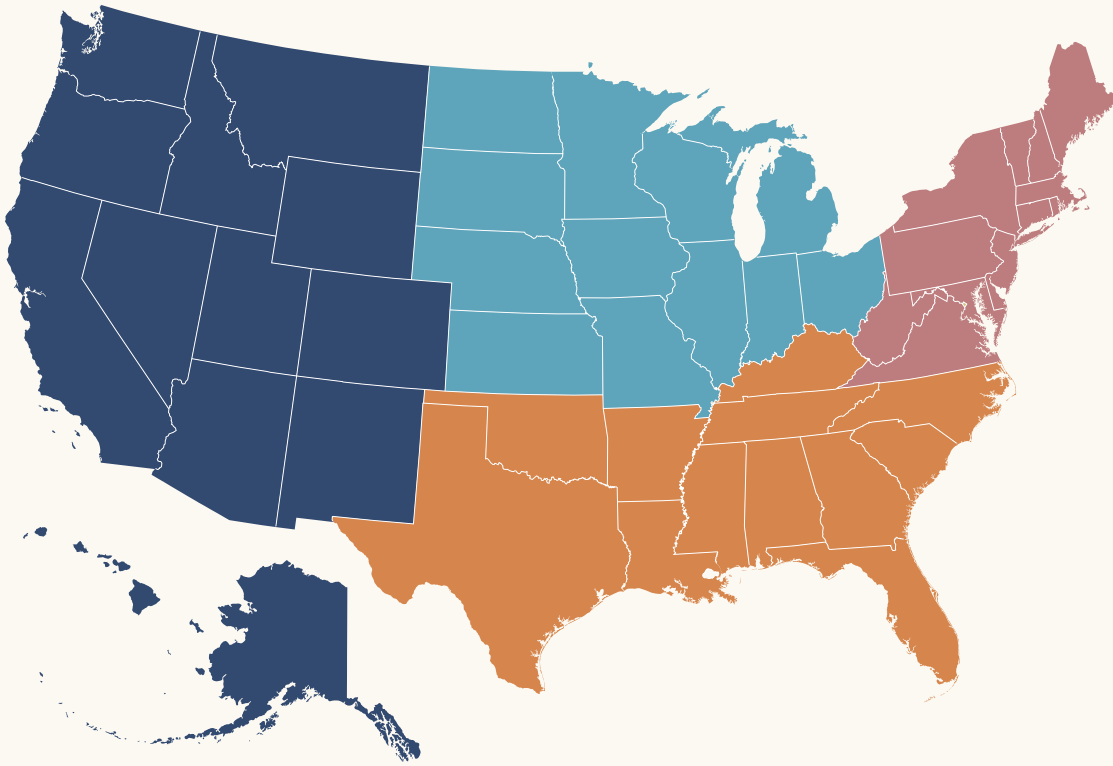


pensionX



Learn more about this new NCPERS member benefit at ncpers.org/pensionx

This month, we will highlight Indiana, Pennsylvania, Kentucky, and Arizona.



MIDWEST: Indiana



Throughout the 2023 state legislative sessions, policymakers continue to discuss legislation that would put limitations on how state funds, including pension systems, can invest their dollars. Indiana lawmakers in the state House passed a bill out of committee last month that prevents the Indiana Public Retirement System (INPRS) from considering asset managers that utilize ESG factors in their investment portfolio. The bill goes a step further by prohibiting INPRS from using managers who market ESG investments to other clients. According to an INPRS spokesperson "INPRS does not consider ESG factors, but only financial and economic factors when investing."

In order to understand the impact this legislation could have on state finances, Indiana's Legislative Services Agency Office of Fiscal Management and Analysis prepared a fiscal impact statement. If implemented, INPRS could see an investment loss of \$6.7 billion over the next 10 years. This drop in assets could mean state employers seeing a spike in pension contributions to close the gap.

Following this report, Indiana's House of Representatives' Ways and Means Committee passed an amendment that would exempt private market funds from the anti-ESG bill's limitation. With the new amendment, the bill is estimated to cost the state's retirement system \$5.5 million over ten years, down from \$6.7 billion.

NCPERS

Around the Regions

**NORTHEAST:
Pennsylvania**



Public pensions help provide income stability for millions of retirees and beneficiaries. But with inflation driving costs up for all Americans, those on fixed incomes are feeling the pinch. To compound the issue, many states have ceased issuing cost-of-living adjustments (COLAs) to retirees. In Pennsylvania, the last COLA was issued over two decades ago.

To help provide relief to retirees across the state, state House Representative Steven R. Malagari is circulating a proposal for his colleagues to co-sponsor that would boost pension benefits and tie COLA to inflationary increases. A similar proposal was raised in the state Senate by Senator John Kane and Senator Katie Muth. The discussion will continue later this month at a joint hearing of the Senate and House Democratic Policy Committees.

Pension spending provides important economic boosts to counties across the country. According to the National Institute on Retirement Security, for every dollar in taxpayer contributions to state and local plans, retirees' spending generated \$7.89 in total output in the economy. While an initial analysis by the Independent Fiscal Office noted that instituting a COLA could cost tens of millions of dollars over a decade, other variations of providing economic relief to fixed income beneficiaries would benefit the state's local economies.

**SOUTH:
Kentucky**



In 2022, the Kentucky General Assembly was one of the first legislatures to pass a law designed to leverage the state's investment portfolio against ESG efforts. The law, SB 205, mandates any financial service firms identified by the state treasurer as boycotting energy companies to stop the practice or lose out on Kentucky's investment portfolio. In January, current state Treasurer Allison Ball published its list of 11 companies viewed as engaging in this practice.

In response to its inclusion on the list, BlackRock issued a statement: "[BlackRock's] only agenda is delivering the best financial results for our clients. On behalf of our clients, we have invested approximately \$276 billion in energy companies globally. BlackRock does not boycott energy companies and will continue to be investors across the energy sector."

Currently, BlackRock manages approximately 30 percent of Kentucky's County Employees' Retirement System's (CERS) international equity portfolio. Last month, CERS announced it will not be divesting from BlackRock, citing its fiduciary duty established by state statute prior to the law being passed. CERS trustees approved a letter to the state's treasurer noting that, because SB 205's requirements would force them to breach its fiduciary duties, it is not subject to the law's requirements.

May 21-24, 2023

New Orleans, LA

2023

ANNUAL CONFERENCE & EXHIBITION

ACE

Including NCPERS University Programs

TEDS and NAF, May 20-21, 2023

NCPERS

Around the Regions

**WEST:
Arizona**



Pensions & Investments recently published its [annual survey](#) of the 1,000 largest US retirement plans. Overall, in the year ended September 30, 2022, these funds saw assets fall by 13.9 percent to \$12.16 trillion. The Arizona Public Safety Personnel Retirement System, however, reported a 13.13 percent increase in assets to \$18.3 billion.

Arizona PSPRS’ growth was primarily due to employer contributions, which totaled \$2.85 billion during fiscal year 2022.

Over the last three years, state, county, municipal and fire district employers have made cumulative additional contributions of \$4.86 billion to reduce pension debts.

In a [release](#), PSPRS Administrator Mike Townsend said that “the growth of PSPRS assets continues to be a team effort with our employer agencies, their leadership and policymakers taking the initiative to save Arizona taxpayers money and to protect the retirement benefits promised to our state’s first responders, corrections officers and elected officials. The commitment of employers to reducing unfunded liabilities coupled with the innovative work of our investment team has made a huge difference for the system, for our state and for our members.” ♦

Don't Miss NCPERS' Social Media



The Voice for Public Pensions



Calendar of Events 2023

2023-2024 Officers

May

NCPERS Accredited Fiduciary (NAF) Program

May 20-21
New Orleans, LA

Trustee Educational Seminar (TEDS)

May 20-21
New Orleans, LA

Annual Conference & Exhibition (ACE)

May 21-24
New Orleans, LA

June

Chief Officers Summit

June 19-21
Denver, CO

View all upcoming NCPERS conferences at www.ncpers.org/future-conferences.

August

Public Pension Funding Forum

August 20-22
Chicago, IL

October

NCPERS Accredited Fiduciary (NAF) Program

October 21-22
Las Vegas, NV

Financial, Actuarial, Legislative, and Legal Conference (FALL)

October 22-25
Las Vegas, NV

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The Voice for Public Pensions

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