

AGENDA



Date: October 3, 2025

The supplemental meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, October 9, 2025, 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/83364156526?pwd=OG5CbEFhajN5V0hWaUFJMIhYcHQ2Zz09> Passcode: 923237.** Items of the following agenda will be presented to the Board:

A. APPROVAL OF MINUTES

Regular meeting of September 11, 2025

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

Initial Reading and Discussion of the 2026 Budget

C. BRIEFING ITEMS

Public Comment

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

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, Section 551.076 for deliberation regarding security devices or security audits, and Section 551.078 for review of medical records.

**Dallas Police and Fire Pension System
Thursday, September 11, 2025
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room Dallas, TX**

Supplemental meeting, Michael Taglienti, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:34 a.m. Michael Taglienti, Tom Tull, Matthew Shomer, Joe Colonna, Anthony Scavuzzo, David Kelly, Tina Hernandez Patterson, Scott Letier, Yvette Duenas, Steve Idoux

Present at 9:05 a.m. Robert Walters

Absent None

Staff

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Kyle Schmit, Luis Solorzano Trejo, John Holt, Nien Nguyen, Milissa Romero, Cynthia J. Thomas (by telephone)

Others

Michael Brown, Jeff Williams, Leandro Festino, Mark Morrison, Sarah Cassidy, Chuck Campbell, David Harper, Ben Mesches, David Elliston, Mary Poster, Jeff Patterson, Rick Salinas, Gay Donnell Willis, Suzanne Zieman, Cara Mendelsohn, Chad Anderson

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The Supplemental meeting was called to order and recessed at 8:34 a.m.

The Supplemental meeting was reconvened at 12:16 p.m. The following Trustees were not present when the meeting was reconvened: Mr. Walters, Mr. Colonna, and Mr. Idoux.

* * * * *

A. APPROVAL OF MINUTES

Regular meeting of August 14, 2025

After discussion, Mr. Shomer made a motion to approve the minutes of the meeting of August 14, 2025. Mr. Tull seconded the motion, which was unanimously approved by the Board.

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**Supplemental Board Meeting
Thursday, September 11, 2025**

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

January 1, 2025 Actuarial Valuation Assumptions

Jeff Williams of Segal, DFPF's actuarial firm, discussed the results of the January 1, 2025 actuarial valuation report.

After discussion, Mr. Shomer made a motion to approve issuance of the January 1, 2025 actuarial valuation report, subject to final review by the auditors (BDO) and review and approval by the Executive Director. Mr. Tull seconded the motion, which was unanimously approved by the Board.

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C. BRIEFING ITEMS

Public Comment

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

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Shomer and a second by Mr. Scavuzzo, the meeting was adjourned at 12:17 p.m.

Michael Taglienti,
Chairman

ATTEST:

Kelly Gottschalk,
Secretary



DISCUSSION SHEET

Supplemental

ITEM B

Topic: **Initial Reading and Discussion of the 2026 Budget**

Discussion: Attached is the budget proposal for Calendar Year 2026.

The budget has been prepared in total for both the Combined Pension Plan and the Supplemental Plan. Total expenses are then allocated to the Supplemental Plan based upon the Group Trust allocation reported by JPMorgan.

Significant changes from the prior year budget and the projected 2025 actual expenses are explained in the comments accompanying the proposed budget.

Staff

Recommendation: **Direct** staff to revise the proposed budget based on the direction of the Board and bring the revised proposed budget to the Board at the November 2025 Board meeting for consideration for adoption. **Authorize** forwarding the 2026 proposed budget to the City of Dallas for comment and the posting of the proposed budget to www.dpfp.org for member review prior to the November meeting.

Supplemental Board Meeting– Thursday, October 9, 2025

DALLAS POLICE AND FIRE PENSION SYSTEM 2026 PROPOSED BUDGET REVIEW October 9, 2025



2026 Budget Review

Budget Process

- The System budget year is January – December.
- The proposed budget is first presented to the Board at the October meeting each year.
- At the October meeting, the Board may propose changes to the budget, and the Board authorizes the budget to be posted to the website and sent to the City of Dallas.
- At the November meeting, members will be given the opportunity to comment on the proposed budget and the Board or staff may propose changes.
- Also, during the November meeting, the Board may either approve the budget or direct staff to adjust the budget and bring the revised budget back to the Board in December for final approval.



2026 Budget Review

In the summary budget, we track three broad categories of expenses:

- Administrative Expenses
- Professional Expenses
- Investment Expenses



2026 Budget Review

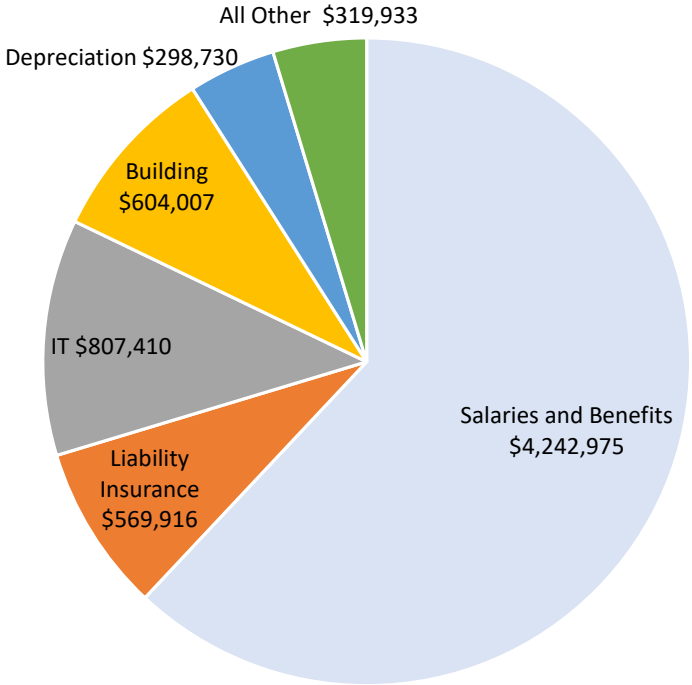
Summary Budget

Expense Type	2025 Budget	2025 Projected Actual	2026 Proposed Budget	Variances			
				2026 Proposed Budget vs. 2025 Budget		2026 Proposed Budget vs. 2025 Projected Actual	
Administrative Expenses	6,548,694	5,868,045	6,842,971	294,277	4.5%	974,926	16.6%
Investment Expenses	11,420,487	12,017,858	11,960,167	539,680	4.7%	(57,691)	(0.5%)
Professional Expenses	2,664,365	2,231,469	1,924,725	(739,640)	(27.8%)	(306,744)	(13.7%)
Total	\$ 20,633,546	\$ 20,117,372	\$ 20,727,863	\$ 94,317	0.5%	\$ 610,491	3.0%



2026 Budget Review

2026 Proposed Budget Administrative Expense Categories - \$7M



2026 Budget Review

Salaries and Benefits

- Current staff level is 25 – no change budgeted for 2026. Two positions were added during 2025 – a Member Services Operations Manager, discussed with the Board in early 2025 and a Retirement Counselor, announced at the September 2025 Board meeting. The Retirement Counselor is needed for coverage and to work on the Pension Administration Software project.
- Per DPFP Compensation policy, CBIZ, a compensation consulting expert, submitted their annual salary structure letter. Their letter included the following: structure update recommendation is 2.6% and salary increase budget recommendation of 4%. A compensation study is completed every five years and is budgeted for late 2026 to be effective in 2027.

2026 Budget Review

Salaries and Benefits

- Health insurance was quoted with a preliminary market increase estimate of 10%.
- Other benefit insurance costs (LTD, STD, Life and Dental) are projected with a 5% increase for next year.
- Vision and LTC are projected with no increases for 2026.



2026 Budget Review

Salaries and Benefits

- Neither DPFP or its employees pay into Social Security.
- DPFP staff entered TMRS (staff retirement plan) in January 2022.
- The history of DPFP contribution rates are below:

Year	Rate
Prior 401a	12.00%
2022	9.48%
2023	9.48%
2024	9.38%
2025	9.04%
2026	8.81%

- In 2025 TMRS passed legislation that allows for employee contributions to be increased to 8%.



2026 Budget Review

Salaries and Benefits

- Should the Board approve increasing the employee contribution rate change from 7% to 8%, the DPFP contribution rate for 2026 would increase to 10.06% which would result in an increase in employer contributions of \$43K or 1.2% of budgeted salary.
- If approved, the 2026 budget will be updated for the November presentation, and an ordinance for approval will be presented to the Board.



2026 Budget Review

IT Plans and Expenses

IT will focus on the following projects in 2026:

- Pension Administration Software

\$350K for the preliminary phase of the project is included in the budget expenses. Estimated costs for the Development and Implementation phase are estimated at \$7M and included in the capital budget.

- Security

\$169K is budgeted for continued focus on cyber security – firewalls, server replacement and incident planning.



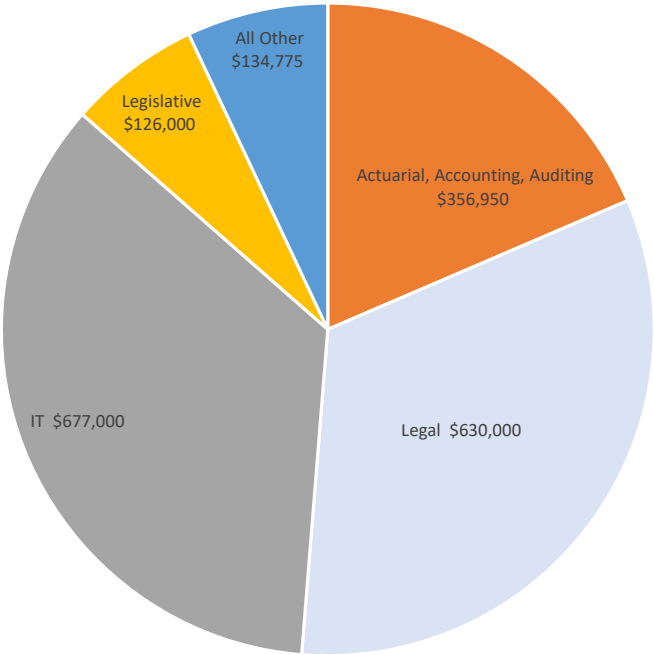
2026 Budget Review

Harry Hines Building

- The expenses for the Harry Hines building are included in the Administration budget.
- Building is fully leased with 5-10 year leases.
- Lease revenue expected in 2026 is \$447K and will offset 75% of the cash building expenses.
- Building HVAC is being addressed in a 2025 Budget Amendment.
- Several erosion control or landscaping projects are included in the 2026 budget – estimated cost \$25K.

2026 Budget Review

2026 Proposed Budget Professional Expense Categories - \$1.9M



2026 Budget Review

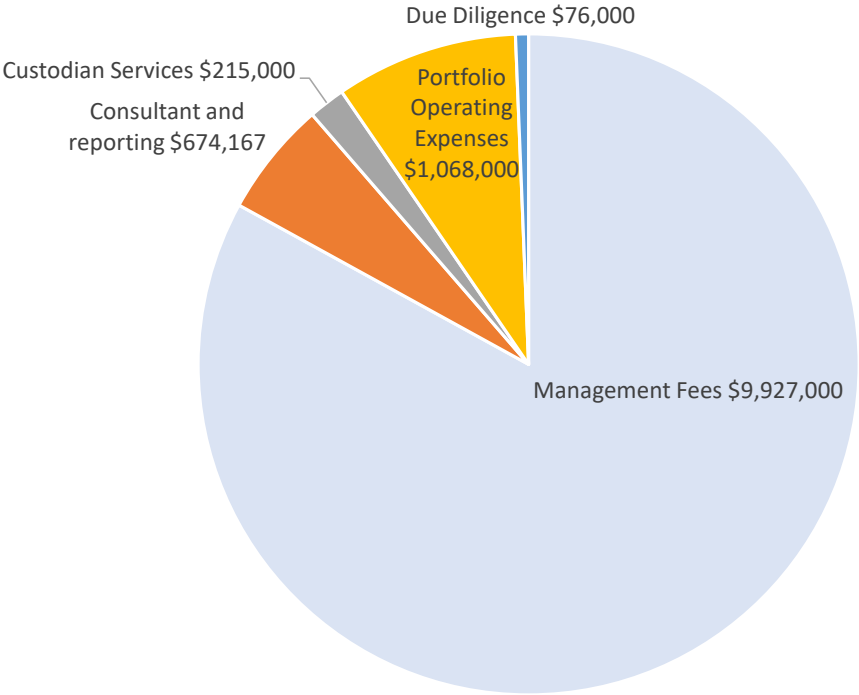
Professional Expenses

- Budgeted Actuary services are expected to return to more normal levels in 2026, decreasing by \$307K or 67.2% when compared to the 2025 budget. DPFP's contract with our actuary ends at the end of 2025. An RFP is being prepared and pending the results of the RFP, 2026 actuary expenses may be higher.
- Legislative Consultant expenses are expected to decline by \$90K or 41.8% because the legislature will not be in session in 2026.
- Budgeted legal fees are expected to decrease by \$430K or 40.6%. Planned legal fees for the Pension Administration Software project were not spent in 2025 and were budgeted again in 2026.
- IT related expenses for Network Security Monitoring, Pension Software maintenance and Business Continuity services are expected to increase by \$58K or 9.4%.



2026 Budget Review

2026 Proposed Budget Investment Expenses - \$11.96M



2026 Budget Review

Investment Management Fee Expenses

- Management Fee expenses are estimated to increase to \$9.9M, up \$814K or 8.9% from the 2025 budget, due to increased market value in plan assets. The overall budgeted fee as a percentage of estimated average market value is an average .46% for 2026 and .44% for 2025.

Management Fee Budget - 2026						
Asset Category	Asset Class	2025 Budget	2026 Management Fee Budget	2026 Management Fee Budget*	2026 Estimated Average Market Value	Fee as a % of Market Value
Equity	Public Equity	3,922,000	4,550,700	4,551,000	1,264,000,000	0.36%
	Private Equity & Huff Energy	1,276,000	1,135,678	1,136,000	174,000,000	0.65%
Credit	Public Credit	871,000	1,018,600	1,019,000	242,000,000	0.42%
	Private Credit	263,000	565,000	565,000	37,000,000	1.53%
Real Assets	Natural Resources	490,000	835,000	835,000	61,000,000	1.37%
	Infrastructure	188,000	85,000	85,000	6,000,000	1.42%
	Real Estate	1,663,000	1,362,500	1,363,000	110,000,000	1.24%
Fixed Income & Cash	Short Term Investment Grade	165,000	172,000	172,000	132,000,000	0.13%
	Investment Grade	186,750	201,150	201,000	88,000,000	0.23%
	Cash	-	-	-	66,000,000	0.00%
TOTAL		\$ 9,024,750	\$ 9,925,628	\$ 9,927,000	\$ 2,180,000,000	0.46%
* - The Management Fee Budget does not include any carried interest or profit sharing paid to the General Partner ("GP"), which is typical in private equity and debt structures. The budget includes management fees, performance/incentive fees & disposition fees paid to the fiduciary investment manager, as well as the base management fees payable to the GP.						

2026 Budget Review

Portfolio Operating Expenses

- Investment Portfolio Operating Expenses are expected to decrease in 2026, primarily related to legal expenses for private equity legacy funds.

Expense Type	2025 Budget	2025 Projected Actual	Variances				
			2026 Proposed Budget	2026 Proposed Budget vs. 2025 Budget		2026 Proposed Budget vs. 2025 Projected Actual	
Legal	935,000	895,000	575,000	(360,000)	(38.5%)	(320,000)	(35.8%)
Audits, Appraisals and Valuations	447,500	493,250	487,500	40,000	8.9%	(5,750)	(1.2%)
Other	11,500	254	5,500	(6,000)	(52.2%)	5,246	2067.8%
Total	\$ 1,394,000	\$ 1,388,504	\$ 1,068,000	\$(326,000)	(23.4%)	\$(320,504)	(23.1%)

2026 Budget Review

Capital Budget

Item	2026	2027	2028	Year 2029	2030	2031	Total
Building							
Roof Replacement				340,000			340,000
							-
Total Building	\$ -	\$ -	\$ -	\$ 340,000	\$ -	\$ -	\$ 340,000
Building Notes							
1. Roof replacement estimated cost assumes an average of a roof recover and a full replacement with a 3% inflation factor.							
2. Assumes HVAC is replaced in 2025.							
Pension Admin System							
System Requirements	Expense - 350,000						
System Cost, Hardware, Testing, etc		2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	7,000,000
Total PAS	-	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	7,000,000
Total Capital Budget	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 1,340,000	\$ 1,000,000	\$ 1,000,000	\$ 7,340,000
Pension Administration System							
Notes:							
1. Preliminary Project Phase - Expense items such as define system requirements, formulate a plan, evaluating alternatives and technology, vendors							
2. Application Development Phase - Capitalize items such as design, coding, hardware installation, testing							
3. Post-implementation Phase - Expense items such as training, routine maintenance							
4. Upgrade and enhancements - Capitalize or expense items such as changes beyond routine maintenance							

2026 Budget Review

Any questions?



2026 Budget Review

Description	2025 Budget	2025 Projected Actual*	2026 Proposed Budget	\$ Change 2026 Prop. Bud. vs. 2025 Bud.	% Change 2026 Prop. Bud. vs. 2025 Bud.	\$ Change 2026 Prop. Bud. vs. 2025 Proj. Actual	% Change 2026 Prop. Bud. vs. 2025 Proj. Actual
Administrative Expenses							
1 Salaries and benefits	3,968,325	3,954,112	4,242,975	274,650	6.9%	288,863	7.3%
2 Employment Expense	26,600	5,562	27,535	935	3.5%	21,973	395.1%
3 Memberships and dues	22,838	19,365	20,383	(2,455)	(10.7%)	1,018	5.3%
4 Staff meetings	800	182	600	(200)	(25.0%)	418	229.7%
5 Employee service recognition	4,000	980	4,000	-	0.0%	3,020	308.2%
6 Member educational programs	4,000	3,495	6,000	2,000	50.0%	2,505	71.7%
7 Board meetings	2,600	3,785	4,900	2,300	88.5%	1,115	29.5%
8 Conference registration/materials - Board	12,000	4,543	18,500	6,500	54.2%	13,957	307.2%
9 Travel - Board	22,000	8,000	22,000	-	0.0%	14,000	175.0%
10 Conference/training registration/materials - Staff	29,215	11,111	29,830	615	2.1%	18,719	168.5%
11 Travel - Staff	53,350	34,824	38,950	(14,400)	(27.0%)	4,126	11.8%
12 Liability insurance	581,865	540,707	569,916	(11,949)	(2.1%)	29,209	5.4%
13 Communications (phone/internet)	28,663	29,934	32,444	3,781	13.2%	2,510	8.4%
14 Information technology projects	560,000	130,014	519,000	(41,000)	(7.3%)	388,986	299.2%
15 IT subscriptions/services/licenses	180,775	188,976	214,910	34,135	18.9%	25,934	13.7%
16 IT software/hardware	25,000	10,000	25,000	-	0.0%	15,000	150.0%
17 Building expenses	529,943	517,679	554,662	24,719	4.7%	36,983	7.1%
18 Repairs and maintenance	92,661	58,695	100,001	7,340	7.9%	41,306	70.4%
19 Office supplies	28,350	21,646	27,125	(1,225)	(4.3%)	5,479	25.3%
20 Leased equipment	22,000	22,382	23,000	1,000	4.5%	618	2.8%
21 Postage	27,200	24,737	25,700	(1,500)	(5.5%)	963	3.9%
22 Printing	6,850	4,991	6,350	(500)	(7.3%)	1,359	27.2%
23 Subscriptions	940	1,425	1,535	595	63.3%	110	7.7%
24 Records storage	3,735	3,783	3,925	190	5.1%	142	3.8%
25 Administrative contingency reserve	12,000	624	12,000	-	0.0%	11,376	1823.1%
27 Depreciation Expense	289,984	248,352	298,730	8,746	3.0%	50,378	20.3%
28 Bank fees	13,000	18,141	13,000	-	0.0%	(5,141)	(28.3%)



2026 Budget Review

Description	2025 Budget	2025 Projected Actual*	2026 Proposed Budget	\$ Change 2026 Prop. Bud. vs. 2025 Bud.	% Change 2026 Prop. Bud. vs. 2025 Bud.	\$ Change 2026 Prop. Bud. vs. 2025 Proj. Actual	% Change 2026 Prop. Bud. vs. 2025 Proj. Actual
Investment Expenses							
29 Investment management fees	9,113,000	9,710,544	9,927,000	814,000	8.9%	216,456	2.2%
30 Investment consultant and reporting	614,167	616,250	674,167	60,000	9.8%	57,917	9.4%
31 Bank custodian services	227,000	227,001	215,000	(12,000)	(5.3%)	(12,001)	(5.3%)
32 Other portfolio operating expenses (legal, valuation, tax)	1,394,000	1,402,690	1,068,000	(326,000)	(23.4%)	(334,690)	(23.9%)
33 Investment due diligence	72,320	61,373	76,000	3,680	5.1%	14,627	23.8%
Professional Services Expenses							
34 Actuarial services	457,000	197,294	150,000	(307,000)	(67.2%)	(47,294)	(24.0%)
35 Accounting services	61,950	59,001	61,950	-	0.0%	2,949	5.0%
36 Independent audit	143,915	140,000	145,000	1,085	0.8%	5,000	3.6%
37 Legal fees	1,060,000	1,060,000	630,000	(430,000)	(40.6%)	(430,000)	(40.6%)
38 Legislative consultants	216,500	157,189	126,000	(90,500)	(41.8%)	(31,189)	(19.8%)
39 Public relations	50,000	-	50,000	-	0.0%	50,000	100.0%
40 Pension administration software & WMS	314,000	265,601	344,000	30,000	9.6%	78,399	29.5%
41 Business continuity	60,000	58,315	73,000	13,000	21.7%	14,685	25.2%
42 Network security monitoring	245,000	242,101	260,000	15,000	6.1%	17,899	7.4%
43 Disability medical evaluations	6,500	3,500	5,500	(1,000)	(15.4%)	2,000	57.1%
44 Elections	14,050	7,883	14,500	450	3.2%	6,617	83.9%
45 Miscellaneous professional services	35,450	40,585	64,775	29,325	82.7%	24,190	59.6%
Total Budget	20,633,546	20,117,372	20,727,863	94,317	0.5%	610,491	3.0%
Less: Investment management fees	9,113,000	9,710,544	9,927,000	814,000	8.9%	216,456	2.2%
Adjusted Budget Total	11,520,546	10,406,828	10,800,863	(719,683)	(6.2%)	394,035	3.8%
SUPPLEMENTAL BUDGET							
Total Budget (from above)	20,633,546	20,117,372	20,727,863	94,317	0.5%	610,491	3.0%
Less: Allocation to Supplemental Plan Budget**	155,207	187,896	193,598	38,391	24.7%	5,702	3.0%
Total Combined Pension Plan Budget	20,478,339	19,929,476	20,534,265	55,926	0.3%	604,789	3.0%





DISCUSSION SHEET

Supplemental ITEM C

Topic: **Public Comment**

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

Supplemental Board Meeting – Thursday, October 9, 2025