

## AGENDA



**Date:** October 4, 2024

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 10, 2024, 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 12, 2024**

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

- 1. January 1, 2024 Actuarial Valuation**
- 2. Initial Reading and Discussion of the 2025 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 12, 2024  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room Dallas, TX**

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

**ROLL CALL**

**Board Members**

Present at 8:31 a.m. Nicholas Merrick, Tina Hernandez Patterson, Michael Taglienti, Michael Brown, Tom Tull, Matthew Shomer, Marcus Smith, Nancy Rocha

By telephone at 8:31 a.m. Mark Malveaux, Anthony Scavuzzo

Absent Steve Idoux

**Staff**

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Christina Wu, Akshay Patel, Kyle Schmit, John Holt, Nien Nguyen, Milissa Romero, Bill Scoggins (by phone), Cynthia Thomas (by phone)

**Others**

Jeannie Chen, Joe Kropiewnicki, Leandro Festino, Colin Kowalski, David Elliston, Chad West, Lorenzo Herrera, Paula Blackmon, Jaime Castro, Phillip Elliott, Grant Glover, Kathy Stewart, Gay Donnell Willis, Farrah Ali, Wally Guerra, Lori Brown, Justin Graham, Andre Abshier, Jeremy Wolf, James Roger, David Harper

By telephone Jeff Williams, Ken Haben, Ben Mesches

\* \* \* \* \*

The Supplemental meeting was called to order and recessed at 8:31 a.m.

The Supplemental meeting was reconvened at 12:02 p.m. Ms. Rocha and Mr. Scavuzzo were not present when the meeting reconvened.

\* \* \* \* \*

**A. APPROVAL OF MINUTES**

Regular meeting of August 8, 2024

After discussion, Mr. Taglienti made a motion to approve the minutes of the meeting of August 8, 2024. Mr. Smith seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Supplemental Board Meeting  
Thursday, September 12, 2024**

**B. BRIEFING ITEMS**

**Public Comment**

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

\* \* \* \* \*

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

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

**ATTEST:**

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



## **DISCUSSION SHEET**

### **Supplemental**

### **ITEM #B1**

**Topic:** **January 1, 2024 Actuarial Valuation**

**Attendees:** Jeff Williams, Vice President and Actuary, Segal  
Caitlin Grice, Vice President and Actuary, Segal

**Discussion:** Jeff Williams and Caitlin Grice of Segal, DFPF's actuarial firm, will discuss results of the January 1, 2024 actuarial valuation report.

**Staff**

**Recommendation:** **Approve** issuance of the January 1, 2024 actuarial valuation report, subject to final review by the auditors (BDO) and review and approval by the Executive Director.

*Supplemental Board Meeting– Thursday, October 10, 2024*



## **DISCUSSION SHEET**

### **Supplemental**

### **ITEM #B2**

**Topic:** Initial Reading and Discussion of the 2025 Budget

**Discussion:** Attached is the budget proposal for Calendar Year 2025.

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 2024 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 2024 Board meeting for consideration for adoption. **Authorize** forwarding the 2025 proposed budget to the City of Dallas for comment and the posting of the proposed budget to [www.dpfp.org](http://www.dpfp.org) for member review prior to the November meeting.

*Supplemental Board Meeting– Thursday, October 10, 2024*

# DALLAS POLICE AND FIRE PENSION SYSTEM

## 2025 BUDGET REVIEW

### October 10, 2024



## 2025 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.

## 2025 Budget Review

### Additional Budget Expenses

The 2025 proposed budget includes additional one-time costs related to the following:

- Funding changes:

  - Actuary Services - \$270K

  - Legislative Consultant Services - \$50K

  - Public Relations - \$50K

  - Legal - \$150K

- Pension Administration Software and Imaging - \$575K

Total additional Administration and Professional expenses - \$1.1M





## 2025 Budget Review

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

- Administrative Expenses
- Professional Expenses
- Investment Expenses



# 2025 Budget Review

## Summary Budget

Expense Type	2024 Budget	2024 Projected Actual	2025 Budget	Variances		Variances	
				2025	2024	2025	2024
				Budget vs	Budget	Budget vs	Proj. Act.
				\$	%	\$	%
Administrative Expenses	6,246,096	5,499,300	6,545,394	299,298	4.8%	1,046,094	19.0%
Professional Expenses	1,600,950	1,648,947	1,937,665	336,715	21.0%	288,718	17.5%
Admin & Prof Exp Total	7,847,046	7,148,247	8,483,059	636,013	8.1%	1,334,812	18.7%
Investment Expenses	9,647,817	9,695,144	10,820,487	1,172,670	12.2%	1,125,343	11.6%
<b>Total</b>	<b>\$ 17,494,863</b>	<b>\$16,843,391</b>	<b>\$19,303,546</b>	<b>\$ 1,808,683</b>	<b>10.3%</b>	<b>\$ 2,460,155</b>	<b>14.6%</b>
Prior Year's Admin and Professional Actual Expenses with Cumulative CPI increases applied							
2016 actual expenses with CPI increases applied			\$12,551,447				
2017 actual expenses with CPI increases applied			\$10,548,439				



## 2025 Budget Review

### Salaries and Benefits

- Current staff level is 23 – no change budgeted for 2025. Budgeted staff level for 2024 was 22.
- Per Compensation policy, CBIZ, a compensation consulting expert, submitted their annual salary structure letter. Their letter included the following: structure update recommendation is 3.3% and salary increase budget recommendation of 4.7%.
- Health insurance was quoted with a preliminary market increase estimate of 7%.
- Other benefit insurance costs (LTC, LTD, STD, Life, etc.) are projected with no increases for next year.
- TMRS (staff retirement plan) contribution rate for 2025 was reduced from 9.38% to 9.04%.

# 2025 Budget Review

## Salaries and Benefits

Expense Type	2024 Budget	2024 Projected		Variances		Variances	
		Actual	2025 Budget	2025	2024	2025	2024
				Budget vs	Budget	Budget vs	Proj. Act.
				\$	%	\$	%
Total Salaries and Benefits	3,674,704	3,764,407	3,968,325	293,621	8.0%	203,918	5.4%

- Projected salaries and benefits increases are due to the addition of one staff in 2024, salary increases, increased benefit cost and vacation/sick leave accrual.



## 2025 Budget Review

### Professional Expenses

- Budgeted Actuary services increased by \$59K when compared to the 2024 budget (which included some additional funding expenses) due in part to an experience study that will be conducted in 2025 and additional services for possible plan changes.
- Legislative Consultant expenses are expected to increase by \$48K.
- Public Relations expense was budgeted for \$50K.
- Budgeted legal fees increased by \$130K due to the Pension Administration Software project and other ongoing legal cases.
- IT related expenses for Network Security Monitoring, Pension Software maintenance and Business Continuity services are expected to increase by \$47K.

## 2025 Budget Review

### IT Plans and Expenses

IT will focus on the following projects in 2025:

- Pension Administration Software

\$500K 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.

- Imaging

2024 budgeted expenses of \$550K were not spent and have been rebudgeted in 2025 as a capital expense.

# 2025 Budget Review

## Investment Expenses

- Management Fee expenses are estimated to increase to \$9.1M, up \$821K from the 2024 budget, due to increased market value in plan assets. However, the overall fee as a percentage of estimated average market value remains at an average .44% for 2025 and 2024.

Management Fee Budget - 2025							
Asset Category	Asset Class	2024 Budget	2025 Management Fee Budget	2025 Management Fee Budget*	2025 Estimated Average Market Value	Fee as a % of Market Value	
Equity	Public Equity	\$ 4,243,000	\$ 3,921,600	\$ 3,922,000	\$ 1,154,000,000	0.34%	
	Private Equity	50,000	1,276,398	1,276,000	180,000,000	0.71%	
Fixed Income	IG Fixed Income & Cash	326,000	441,750	442,000	265,000,000	0.17%	
	Public Credit	929,000	871,000	871,000	210,000,000	0.41%	
	Private Credit	85,000	262,500	263,000	22,000,000	1.19%	
Real Assets	Natural Resources	727,000	490,000	490,000	82,000,000	0.60%	
	Infrastructure	250,000	187,500	188,000	17,000,000	1.10%	
	Real Estate	1,682,000	1,662,500	1,663,000	125,000,000	1.33%	
<b>TOTAL</b>		<b>\$ 8,292,000</b>	<b>\$ 9,113,248</b>	<b>\$ 9,113,000</b>	<b>\$ 2,055,000,000</b>	<b>0.44%</b>	



# 2025 Budget Review

## Investment Expenses

- Investment Portfolio Operating Expenses are expected to increase in 2025, primarily related to legal expenses for new Investment Manager contracts and private equity legacy funds.

Investment Portfolio Operating Expenses	2024 Budget	2024 Projected Actual	2025 Budget	Variances		Variances	
				2025 Budget vs	2024 Budget	2025 Budget vs	2024 Proj. Act.
				\$	%	\$	%
Legal	90,000	225,079	335,000	245,000	272.2%	109,921	48.8%
Audits, Appraisals and Valuations	411,500	494,500	470,650	59,150	14.4%	(23,850)	(4.8%)
Other	10,500	2,031	11,500	1,000	9.5%	9,469	466.2%
<b>Total</b>	<b>\$ 512,000</b>	<b>\$ 721,610</b>	<b>\$ 817,150</b>	<b>\$ 305,150</b>	<b>59.6%</b>	<b>\$ 95,540</b>	<b>13.2%</b>





## 2025 Budget Review

### Harry Hines Building

- Building is fully leased with 5-10 year leases.
- Building HVAC is beginning to fail periodically. Systems are original to the 2008 building renovations. A capital plan to replace the HVAC systems over the next four years has been developed. Expect approximately \$150K in cash expenditures each year for the next four years if plan is approved.
- Several erosion control or landscaping projects are included in the 2025 budget – estimated cost \$35K.

# 2025 Budget Review

## Capital Budget

Item	Year						Total
	2025	2026	2027	2028	2029	2030	
<b>Building</b>							
HVAC System - 1st Floor	150,000						150,000
HVAC System - 3rd Floor		150,000					150,000
HVAC System - 4th Floor			75,000				75,000
HVAC System - 2nd Floor				150,000			150,000
<b>Total HVAC</b>	<b>150,000</b>	<b>150,000</b>	<b>75,000</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>525,000</b>
<b>Pension Admin System / Imaging</b>							
RFP / System Requirements	Expense - 500,000						
Imaging System	550,000						550,000
System Cost, Hardware, Testing, etc		2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	7,000,000
<b>Total PAS and Imaging</b>	<b>550,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>7,550,000</b>
<b>Total Capital Budget</b>	<b>\$ 700,000</b>	<b>\$ 2,150,000</b>	<b>\$ 2,075,000</b>	<b>\$ 1,150,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 8,075,000</b>
<b>Pension Administration System Notes:</b>							
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							



# 2025 Budget Review

Any questions?



**DALLAS POLICE AND FIRE PENSION SYSTEM  
OPERATING BUDGET SUMMARY  
FOR THE YEAR 2025**

Expense Type	2024 Budget	2024 Projected Actual	2025 Budget	Variances		Variances	
				2025	2024	2025	2024
				Budget vs	Budget	Budget vs	Proj. Act.
				\$	%	\$	%
Administrative Expenses	6,246,096	5,499,300	6,545,394	299,298	4.8%	1,046,094	19.0%
Professional Expenses	1,600,950	1,648,947	1,937,665	336,715	21.0%	288,718	17.5%
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Investment Expenses	9,647,817	9,695,144	10,820,487	1,172,670	12.2%	1,125,343	11.6%
<b>Total</b>	<b>\$ 17,494,863</b>	<b>\$ 16,843,391</b>	<b>\$ 19,303,546</b>	<b>\$ 1,808,683</b>	<b>10.3%</b>	<b>\$ 2,460,155</b>	<b>14.6%</b>
<b>Prior Year's Admin and Professional Actual Expenses with Cumulative CPI increases applied</b>							
2016 actual expenses with CPI increases applied			\$ 12,551,447				
2017 actual expenses with CPI increases applied			\$ 10,548,439				

Dallas Police & Fire Pension System Operating Budget Calendar Year 2025							
Description	2024 Budget	2024 Projected Actual*	2025 Proposed Budget	\$ Change 2025 Prop. Bud. vs. 2024 Bud.	% Change 2025 Prop. Bud. vs. 2024 Bud.	\$ Change 2025 Prop. Bud. vs. 2024 Proj. Actual	% Change 2025 Prop. Bud. vs. 2024 Proj. Actual
<b>Administrative Expenses</b>							
1 Salaries and benefits	3,674,704	3,764,407	3,968,325	293,621	8.0%	203,918	5.4%
2 Employment Expense	26,350	18,354	26,600	250	0.9%	8,246	44.9%
3 Memberships and dues	20,276	21,276	22,838	2,562	12.6%	1,562	7.3%
4 Staff meetings	500	790	800	300	60.0%	10	1.3%
5 Employee service recognition	4,000	3,671	4,000	-	0.0%	329	9.0%
6 Member educational programs	3,350	3,850	4,000	650	19.4%	150	3.9%
7 Board meetings	2,700	2,331	2,600	(100)	(3.7%)	269	11.5%
8 Conference registration/materials - Board	12,000	1,800	12,000	-	0.0%	10,200	566.7%
9 Travel - Board	22,000	3,500	22,000	-	0.0%	18,500	528.6%
10 Conference/training registration/materials - Staff	31,000	9,583	29,215	(1,785)	(5.8%)	19,632	204.9%
11 Travel - Staff	43,300	24,868	53,350	10,050	23.2%	28,482	114.5%
12 Liability insurance	558,990	518,651	581,865	22,875	4.1%	63,214	12.2%
13 Communications (phone/internet)	30,528	25,992	28,663	(1,865)	(6.1%)	2,671	10.3%
14 Information technology projects	715,000	30,910	560,000	(155,000)	(21.7%)	529,090	1711.7%
15 IT subscriptions/services/licenses	194,615	152,549	177,475	(17,140)	(8.8%)	24,926	16.3%
16 IT software/hardware	25,000	21,772	25,000	-	0.0%	3,228	14.8%
17 Building expenses	464,120	508,038	529,943	65,823	14.2%	21,905	4.3%
18 Repairs and maintenance	108,709	61,049	92,661	(16,048)	(14.8%)	31,612	51.8%
19 Office supplies	29,025	22,574	28,350	(675)	(2.3%)	5,776	25.6%
20 Leased equipment	25,000	19,482	22,000	(3,000)	(12.0%)	2,518	12.9%
21 Postage	20,700	20,363	27,200	6,500	31.4%	6,837	33.6%
22 Printing	5,100	4,579	6,850	1,750	34.3%	2,271	49.6%
23 Subscriptions	2,881	1,080	940	(1,941)	(67.4%)	(140)	(13.0%)
24 Records storage	3,000	3,092	3,735	735	24.5%	643	20.8%
25 Administrative contingency reserve	12,000	271	12,000	-	0.0%	11,729	4328.0%
27 Depreciation Expense	201,248	237,468	289,984	88,736	44.1%	52,516	22.1%
28 Bank fees	10,000	17,000	13,000	3,000	30.0%	(4,000)	(23.5%)
<b>Investment Expenses</b>							
29 Investment management fees	8,292,000	8,102,926	9,113,000	821,000	9.9%	1,010,074	12.5%
30 Investment consultant and reporting	553,000	575,000	614,167	61,167	11.1%	39,167	6.8%
31 Bank custodian services	235,000	219,097	227,000	(8,000)	(3.4%)	7,903	3.6%
32 Other portfolio operating expenses (legal, valuation, tax)	512,000	751,610	794,000	282,000	55.1%	42,390	5.6%
33 Investment due diligence	55,817	46,511	72,320	16,503	29.6%	25,809	55.5%
<b>Professional Services Expenses</b>							
34 Actuarial services	397,750	325,000	457,000	59,250	14.9%	132,000	40.6%
35 Accounting services	61,950	59,000	61,950	-	0.0%	2,950	5.0%
36 Independent audit	143,300	145,000	143,915	615	0.4%	(1,085)	(0.7%)

<b>Dallas Police &amp; Fire Pension System Operating Budget Calendar Year 2025</b>							
Description	2024 Budget	2024 Projected Actual*	2025 Proposed Budget	\$ Change 2025 Prop. Bud. vs. 2024 Bud.	% Change 2025 Prop. Bud. vs. 2024 Bud.	\$ Change 2025 Prop. Bud. vs. 2024 Proj. Actual	% Change 2025 Prop. Bud. vs. 2024 Proj. Actual
37 Legal fees	200,000	404,000	330,000	130,000	65.0%	(74,000)	(18.3%)
38 Legislative consultants	168,000	126,000	216,500	48,500	28.9%	90,500	71.8%
39 Public relations	-	-	50,000	50,000	100.0%	50,000	100.0%
40 Pension administration software & WMS	309,000	274,975	314,000	5,000	1.6%	39,025	14.2%
41 Business continuity	38,000	47,248	60,000	22,000	57.9%	12,752	27.0%
42 Network security monitoring	225,000	224,189	245,000	20,000	8.9%	20,811	9.3%
43 Disability medical evaluations	7,000	8,043	6,500	(500)	(7.1%)	(1,543)	(19.2%)
44 Elections	-	-	14,050	14,050	100.0%	14,050	100.0%
45 Miscellaneous professional services	50,950	35,492	38,750	(12,200)	(23.9%)	3,258	9.2%
<b>Total Budget</b>	<b>17,494,863</b>	<b>16,843,391</b>	<b>19,303,546</b>	<b>1,808,683</b>	<b>10.3%</b>	<b>2,460,155</b>	<b>14.6%</b>
Less: Investment management fees	8,292,000	8,102,926	9,113,000	821,000	9.9%	1,010,074	12.5%
<b>Adjusted Budget Total</b>	<b>9,202,863</b>	<b>8,740,465</b>	<b>10,190,546</b>	<b>987,683</b>	<b>10.7%</b>	<b>1,450,081</b>	<b>16.6%</b>

**SUPPLEMENTAL BUDGET**

<b>Total Budget ( from above)</b>	<b>17,494,863</b>	<b>16,843,391</b>	<b>19,303,546</b>	<b>1,808,683</b>	<b>10.3%</b>	<b>2,460,155</b>	<b>14.6%</b>
Less: Allocation to Supplemental Plan Budget**	155,207	145,864	167,169	11,962	7.7%	21,305	14.6%
<b>Total Combined Pension Plan Budget</b>	<b>17,339,656</b>	<b>16,697,528</b>	<b>19,136,377</b>	<b>1,796,721</b>	<b>10.4%</b>	<b>2,438,850</b>	<b>14.6%</b>

\* Projected based on 7/31/23 YTD annualized or estimated

\*\* Allocation to Supplemental is based on JPM allocation between accounts as of 7/31/23 of .0087%

0.87% per JPM Unitization report as of 7/31/23

**Significant Budget Changes - 2025**  
**Budget Changes (>5% and \$25K)**  
**SORTED BY THE \$ CHANGE FROM 2024 BUDGET TO 2025 BUDGET**

		2024	2024	2025	\$ Change	% Change	\$ Change	% Change	
	Item	Budget	Projected Actual**	Budget	2025 Budget vs. 2024 Bud.	2025 Budget vs. 2024 Bud.	2025 Budget vs. 2024 Proj. Act.	2025 Budget vs. 2024 Proj. Act.	Explanation
	<b>INCREASES:</b>								
1	Investment management fees	8,292,000	8,102,926	9,113,000	821,000	9.9%	1,010,074	12.5%	Increased market value in plan assets.
2	Salaries and benefits	3,674,704	3,764,407	3,968,325	293,621	8.0%	203,918	5.4%	Increased cost related to increased benefit costs, salary increases, vacation/sick accrual and the addition of one staff.
3	Other portfolio operating expenses (legal, valuation, tax)	512,000	751,610	794,000	282,000	55.1%	42,390	5.6%	Increase primarily due to increased legal fees for new Investment Manager contracts and legacy private equity funds.
4	Legal fees	200,000	404,000	330,000	130,000	65.0%	(74,000)	(18.3%)	Increase due to Pension Administration Software project and other ongoing legal cases.
5	Depreciation Expense	201,248	237,468	289,984	88,736	44.1%	52,516	22.1%	Additional depreciation related to the TI projects from new tenants and expected new HVAC systems.
6	Building expenses	464,120	508,038	529,943	65,823	14.2%	21,905	4.3%	Increased expenses due to soil erosion projects and increased contract costs.
7	Investment consultant and reporting	553,000	575,000	614,167	61,167	11.1%	39,167	6.8%	Full year of private markets consultant fees, partially offset by non-recurring custodian search fees in 2024.
8	Actuarial services	397,750	325,000	457,000	59,250	14.9%	132,000	40.6%	Increased fees due to the Experience study due in 2025 along with additional fees for possible plan changes during the legislative session.
9	Public relations	-	-	50,000	50,000	100.0%	50,000	100.0%	Budgeted services for 2025. No previous budget for this item.
10	Legislative consultants	168,000	126,000	216,500	48,500	28.9%	90,500	71.8%	Additional Legislative consultant expenses are expected during the legislative session in 2025
	<b>REDUCTIONS:</b>								
11	Information technology projects	715,000	30,910	560,000	(155,000)	(21.7%)	529,090	1711.7%	The planned imaging project (\$550K budget) was not completed in 2024. It has been re-budgeted as a capital project in 2025. Partially offset by the PAS project phase one costs of \$550K.

\*\* Projected based on 7/31/24 YTD annualized or estimated

**Significant Budget Changes - 2025  
Budget Changes (>5% and \$25K)  
SORTED BY THE \$ CHANGE FROM 2024 PROJECTED ACTUAL TO 2025 BUDGET**

		2024	2024	2025	\$ Change	% Change	\$ Change	% Change	
	Item	Budget	Projected Actual**	Budget	2025 Budget vs. 2024 Bud.	2025 Budget vs. 2024 Bud.	2025 Budget vs. 2024 Proj. Act.	2025 Budget vs. 2024 Proj. Act.	Explanation
	<b>INCREASES:</b>								
1	Investment management fees	8,292,000	8,102,926	9,113,000	821,000	9.9%	1,010,074	12.5%	Increased market value in plan assets.
2	Information technology projects	715,000	30,910	560,000	(155,000)	(21.7%)	529,090	1711.7%	Phase one expenses for the Pension Administration Software project \$500K is expected to be completed in 2025.
3	Salaries and benefits	3,674,704	3,764,407	3,968,325	293,621	8.0%	203,918	5.4%	Increased benefit costs, salary increases, vacation/sick accrual and the addition of one staff.
4	Actuarial services	397,750	325,000	457,000	59,250	14.9%	132,000	40.6%	Increased fees due to the Experience study due in 2025 along with additional fees for possible changes during the legislative session.
5	Legislative consultants	168,000	126,000	216,500	48,500	28.9%	90,500	71.8%	Additional Legislative consultant expenses are expected during the legislative session in 2025
6	Liability insurance	558,990	518,651	581,865	22,875	4.1%	63,214	12.2%	Increase due to increase in plan assets along with increases ranging from 0%-8% in the lines of insurance.
7	Depreciation Expense	201,248	237,468	289,984	88,736	44.1%	52,516	22.1%	Additional depreciation related to the TI projects from new tenants and expected new HVAC systems.
8	Public relations	-	-	50,000	50,000	100.0%	50,000	100.0%	Budgeted services for 2025. No previous budget for this item.
9	Other portfolio operating expenses (legal, valuation, tax)	512,000	751,610	794,000	282,000	55.1%	42,390	5.6%	Increase primarily due to increased legal fees for new Investment Manager contracts and legacy private equity funds.
10	Investment consultant and reporting	553,000	575,000	614,167	61,167	11.1%	39,167	6.8%	Full year of private markets consultant fees, partially offset by non-recurring custodian search fees in 2024.
11	Pension administration software & WMS	309,000.00	274,975	314,000	5,000	1.6%	39,025	14.2%	Expenses budgeted for some web member service enhancements and pension admin software changes for possible plan changes.
12	Repairs and maintenance	108,709	61,049	92,661	(16,048)	(14.8%)	31,612	51.8%	2024 actual expenses were less than expected. 2025 budget is less than 2024 budget.
13	Travel - Staff	43,300	24,868	53,350	10,050	23.2%	28,482	114.5%	Actual staff travel was less than budgeted for 2024, but we expect a return to budgeted levels in 2025.
14	Investment due diligence	55,817	46,511	72,320	16,503	29.6%	25,809	55.5%	Addition of peer ranking tool - \$12,500 and more staff due diligence travel as private markets are re-entered.
	<b>REDUCTIONS:</b>								
15	Legal fees	200,000	404,000	330,000	130,000	65.0%	(74,000)	(18.3%)	Budgeted legal fees for some ongoing cases expected to decline.





**DISCUSSION SHEET**  
**Supplemental**

**ITEM C**

**Topic:**                    **Public Comment**

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

*Supplemental Board Meeting – Thursday, October 10, 2024*