

## AGENDA



**Date:** May 6, 2022

The first of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes will be held at **8:30 a.m. on Thursday, May 12, 2022, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas and via telephone conference for audio at 214-271-5080 access code 588694 or Toll-Free (US & CAN):1-800-201-5203 and Zoom meeting for visual <https://us02web.zoom.us/j/86820887333?pwd=aVFRNGpYUXF0dkN0NVVKSHNOem5OZz09> Passcode: 383706.** Items of the following agenda will be presented to the Board:

- 1. Report on the health and performance of the Pension System**
  - a. Quarterly Financial Reports
  - b. Monthly Contribution Report
  
- 2. Public comment**

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

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



## DISCUSSION SHEET

### ITEM #1

**Topic:** Report on the health and performance of the Pension System

- a. Quarterly Financial Reports
- b. Monthly Contribution Report

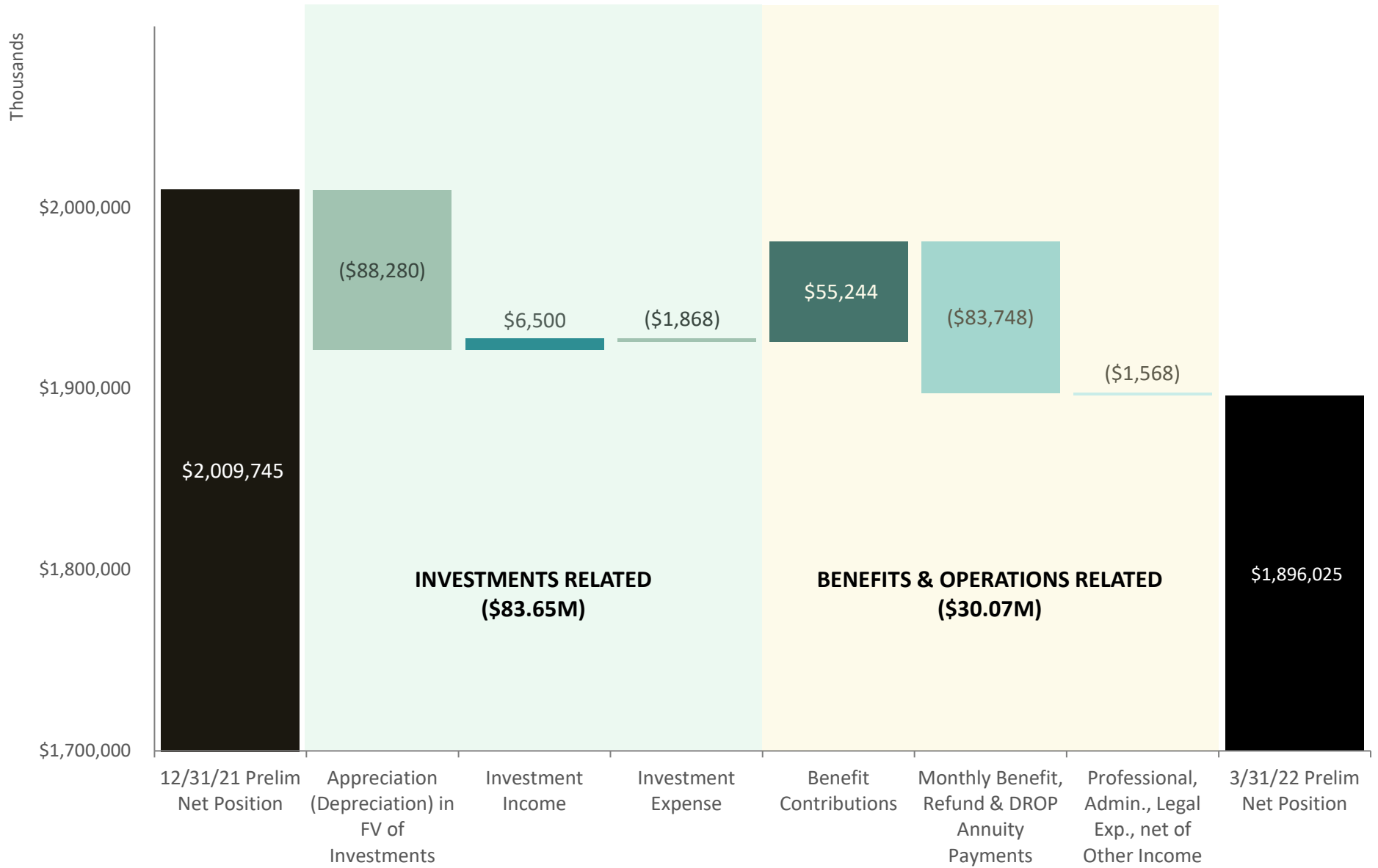
**Discussion:**

- a. The Chief Financial Officer will present the first quarter 2022 financial statements.
- b. Staff will review the Monthly Contribution Report.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes  
Required Public Meeting – Thursday, May 12, 2022*

## Change in Net Fiduciary Position

**PRELIMINARY** - December 31, 2021 – March 31, 2022



Components may not sum exactly due to rounding.

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

	March 31, 2022	PRELIMINARY December 31, 2021 (unaudited)	\$ Change	% Change
<b>Assets</b>				
<b>Investments, at fair value (NOTE)</b>				
Short-term investments	\$ 18,228,784	\$ 12,939,975	\$ 5,288,809	41%
Fixed income securities	405,496,835	420,600,845	(15,104,010)	-4%
Equity securities	892,377,317	968,323,984	(75,946,667)	-8%
Real assets	396,630,071	397,883,676	(1,253,605)	0%
Private equity	134,425,093	133,604,797	820,296	1%
Forward currency contracts	(7,887)	(45)	(7,842)	-17427%
<b>Total investments (NOTE)</b>	<b>1,847,150,213</b>	<b>1,933,353,232</b>	<b>(86,203,019)</b>	<b>-4%</b>
<b>Receivables</b>				
City	6,543,000	4,558,572	1,984,428	44%
Members	2,266,690	1,613,390	653,300	40%
Interest and dividends	4,030,347	3,444,616	585,731	17%
Investment sales proceeds	7,309,481	223,273	7,086,208	3174%
Other receivables	101,303	123,200	(21,897)	-18%
<b>Total receivables</b>	<b>20,250,821</b>	<b>9,963,051</b>	<b>10,287,770</b>	<b>103%</b>
Cash and cash equivalents	32,668,083	60,032,434	(27,364,351)	-46%
Prepaid expenses	1,003,606	411,295	592,311	144%
Capital assets, net	11,786,643	11,846,879	(60,236)	-1%
<b>Total assets</b>	<b>\$ 1,912,859,366</b>	<b>\$ 2,015,606,891</b>	<b>\$ (102,747,525)</b>	<b>-5%</b>
<b>Liabilities</b>				
<b>Payables</b>				
Securities purchased	12,241,203	358,266	11,882,937	3317%
Accounts payable and other accrued liabilities	4,592,952	5,503,373	(910,421)	-17%
<b>Total liabilities</b>	<b>16,834,155</b>	<b>5,861,639</b>	<b>10,972,516</b>	<b>187%</b>
<b>Net position restricted for pension benefits</b>	<b>\$ 1,896,025,211</b>	<b>\$ 2,009,745,252</b>	<b>\$ (113,720,041)</b>	<b>-6%</b>

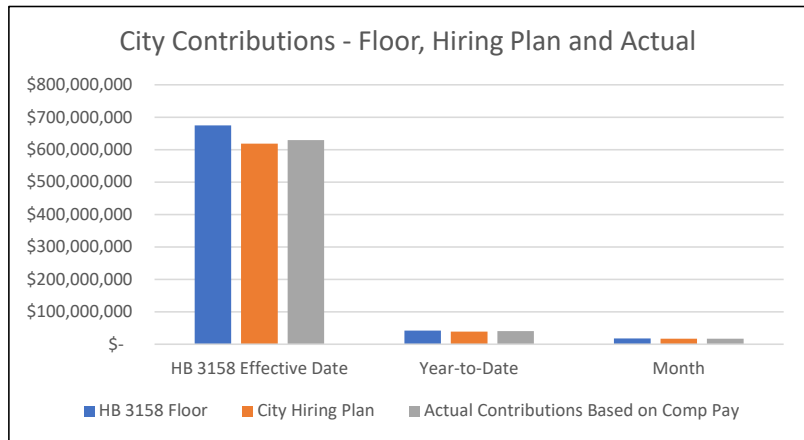
**(NOTE)** Private asset values have not yet been reported for Q4 21. Values will be updated as final reporting is received.

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

	<u>Three Months Ended</u> <u>3/31/2022</u>	<u>Three Months Ended</u> <u>3/31/2021</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Contributions</b>				
City	\$ 40,924,444	\$ 40,781,537	\$ 142,907	0%
Members	14,319,448	14,376,664	(57,216)	0%
<b>Total Contributions</b>	<u>55,243,892</u>	<u>55,158,201</u>	<u>85,691</u>	<u>0%</u>
<b>Investment income</b>				
Net appreciation (depreciation) in fair value of investments <b>(NOTE)</b>	(88,279,708)	22,129,119	(110,408,827)	-499%
Interest and dividends	6,499,760	7,229,477	(729,717)	-10%
Total gross investment income	(81,779,948)	29,358,596	(111,138,544)	-379%
less: investment expense	(1,867,772)	(2,659,655)	791,883	30%
<b>Net investment income</b>	<u>(83,647,720)</u>	<u>26,698,941</u>	<u>(110,346,661)</u>	<u>-413%</u>
Other income	56,826	87,068	(30,242)	-35%
<b>Total additions</b>	<u>(28,347,002)</u>	<u>81,944,210</u>	<u>(110,291,212)</u>	<u>-135%</u>
<b>Deductions</b>				
Benefits paid to members	82,697,147	80,254,244	2,442,903	3%
Refunds to members	1,051,222	747,572	303,650	41%
Legal expense	106,848	6,449	100,399	1557%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	<u>106,848</u>	<u>6,449</u>	<u>100,399</u>	<u>1557%</u>
Staff Salaries and Benefits	907,868	976,394	(68,526)	-7%
Professional and administrative expenses	609,954	635,958	(26,004)	-4%
<b>Total deductions</b>	<u>85,373,039</u>	<u>82,620,617</u>	<u>2,752,422</u>	<u>3%</u>
<b>Net increase (decrease) in net position</b>	<u>(113,720,041)</u>	<u>(676,407)</u>		
Beginning of period	2,009,745,252	1,960,074,777		
End of period	<u>\$ 1,896,025,211</u>	<u>\$ 1,959,398,370</u>		

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

**Contribution Tracking Summary - May 2022 (March 2022 Data)**



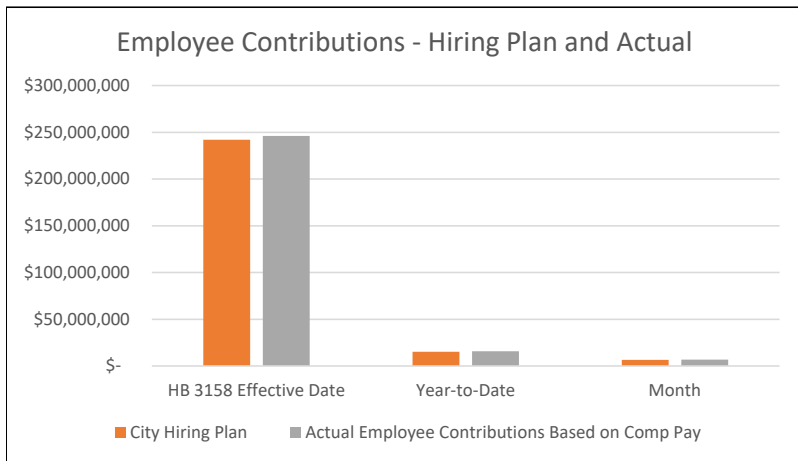
Actual Comp Pay was 102% of the Hiring Plan estimate since the effective date of HB 3158.

In the most recent month Actual Comp Pay was 103% of the Hiring Plan estimate and 95% of the Floor amount.

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

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

The combined actual employees was 176 less than the Hiring Plan for the pay period ending April 12, 2022. Fire was over the estimate by 45 fire fighters and Police under by 221 officers. The number of estimate police officers increase by 25 officer for 2022 from the 2021 estimate.



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**

<b>Mar-22</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>HB 3158 Floor</b>	<b>City Hiring Plan</b>	<b>Actual Contributions Based on Comp Pay</b>	<b>Additional Contributions to Meet Floor Minimum</b>	<b>Comp Pay Contributions as a % of Floor Contributions</b>	<b>Comp Pay Contributions as a % of Hiring Plan Contributions</b>
Month	3	\$ 18,129,000	\$ 16,798,846	\$ 17,311,831	\$ 817,169	95%	103%
Year-to-Date		\$ 42,301,000	\$ 39,197,308	\$ 40,314,775	\$ 1,986,225	95%	103%
HB 3158 Effective Date		\$ 674,404,000	\$ 618,717,692	\$ 629,127,599	\$ 45,350,108	93%	102%

*Due to the Floor through 2024, there is no cumulative shortfall in City Contributions  
Does not include the flat \$13 million annual City Contribution payable through 2024.  
Does not include Supplemental Plan Contributions.*

**Employee Contributions**

<b>Mar-22</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>City Hiring Plan</b>	<b>Actual Employee Contributions Based on Comp Pay</b>	<b>Actual Contribution Shortfall Compared to Hiring Plan</b>	<b>Actuarial Valuation Contribution Assumption</b>	<b>Actual Contributions as a % of Hiring Plan Contributions</b>	<b>Actual Contributions as a % of Actuarial Val Assumption</b>
Month	3	\$ 6,573,462	\$ 6,774,309	\$ 200,847	\$ 6,355,386	103%	107%
Year-to-Date		\$ 15,338,077	\$ 15,774,605	\$ 436,528	\$ 14,829,234	103%	106%
HB 3158 Effective Date		\$ 242,106,923	\$ 246,023,517	\$ 3,916,594	\$ 236,488,888	102%	104%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ (321,280)

*Does not include Supplemental Plan Contributions.*

**Reference Information**

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

*The HB 3158 Bi-weekly Floor ends after 2024*

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

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



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

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

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

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

	Actuarial Valuation	GASB 67/68
<b>YE 2017 (1/1/2018 Valuation)</b>		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
<b>2019 Estimate (1/1/2019 Valuation)</b>		
2019 Employee Contribution Assumption	\$ 9,278	*
<i>*90% of Hiring Plan was used for the Cash Flow Projection for future years in the 12/31/2017 GASB 67/68 calculation. At 12-31-17, 12-31-18 and 12-31-2019 this did not impact the pension liability or the funded percentage.</i>		

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

<b>City Hiring Plan - Annual Computation Pay and Numbers of Employees</b>						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000	\$ 421,529,994	\$ 25,529,994	5,063	4,988	(75)
2021	\$ 408,000,000	\$ 429,967,675	\$ 21,967,675	5,088	4,958	(130)
2022	\$ 422,000,000			5,113		
2023	\$ 438,000,000			5,163		
2024	\$ 454,000,000			5,213		
2025	\$ 471,000,000			5,263		
2026	\$ 488,000,000			5,313		
2027	\$ 507,000,000			5,363		
2028	\$ 525,000,000			5,413		
2029	\$ 545,000,000			5,463		
2030	\$ 565,000,000			5,513		
2031	\$ 581,000,000			5,523		
2032	\$ 597,000,000			5,523		
2033	\$ 614,000,000			5,523		
2034	\$ 631,000,000			5,523		
2035	\$ 648,000,000			5,523		
2036	\$ 666,000,000			5,523		
2037	\$ 684,000,000			5,523		

Comp Pay by Month - 2022	Annual Divided by 26 Pay Periods	Actual	Difference	2022 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 32,461,538	\$ 33,363,143	\$ 901,604	\$ 901,604	4946	(167)
February	\$ 32,461,538	\$ 33,314,230	\$ 852,692	\$ 852,692	4943	(170)
March	\$ 48,692,308	\$ 50,179,220	\$ 1,486,912	\$ 1,486,912	4937	(176)
April	\$ 32,461,538					
May	\$ 32,461,538					
June	\$ 32,461,538					
July	\$ 32,461,538					
August	\$ 48,692,308					
September	\$ 32,461,538					
October	\$ 32,461,538					
November	\$ 32,461,538					
December	\$ 32,461,538					



## DISCUSSION SHEET

### ITEM #2

**Topic:** Public comment

**Discussion:** This is an open forum for the public to provide input regarding DPFP to the Board and staff.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes  
Required Public Meeting – Thursday, May 12, 2022*