

## AGENDA



**Date:** October 3, 2025

The regular 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=OG5CbEFhajN5V0hWaUFJMlhYcHQ2Zz09> Passcode: **923237**. Items of the following agenda will be presented to the Board:

### **A. MOMENT OF SILENCE**

### **B. APPROVAL OF MINUTES**

1. Required Public meeting of September 11, 2025
2. Regular meeting of September 11, 2025

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

1. Elect Deputy Vice Chair

- 2. Financial Audit Status**
- 3. Initial Reading and Discussion of the 2026 Budget**
- 4. Possible 2025 Budget Amendment**
- 5. Pension Administration Software Update**
- 6. Executive Director Approved Pension Ministerial Actions**
- 7. City Contribution Update**
- 8. Board Approval of Trustee Education and Travel**
- 9. Portfolio 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.**
  - a. DPFP v. City of Dallas**
  - b. Dallas Police Retired Officers Association v. DPFP**

## **D. BRIEFING ITEMS**

- 1. Public Comment**
- 2. Executive Director's Report**
  - a. Associations' newsletters**
    - [NCPERS Monitor October 2025](#)
    - [TEXPERS Pension Observer \(Vol. 3 2025\)](#)
  - b. Open Records**
  - c. Actuarial Services RFP**

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.



## **MOMENT OF SILENCE**

**In memory of our Members and Pensioners who recently passed away**

<b>NAME</b>	<b>ACTIVE/ RETIRED</b>	<b>DEPARTMENT</b>	<b>DATE OF DEATH</b>
Jerry W. James	Retired	Police	Aug. 23, 2025
Tommie D. Elliott	Retired	Police	Sep. 04, 2025
Wade C. Small	Retired	Police	Sep. 04, 2025
Melvin P. Southall	Retired	Police	Sep. 11, 2025
John R. Garcia	Retired	Fire	Sep. 14, 2025
Stephen J. Spradling	Retired	Police	Sep. 27, 2025
Edward (E.D.) Strickland	Retired	Fire	Sep. 28, 2025

*Regular Board Meeting –Thursday, October 9, 2025*

**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**

Required Public 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, Leo Festino, Mark Morrison, Sarah Cassidy, Chuck Campbell, David Harper, Ben Mesches, David Elliston, Mary Poster, Jeff Patterson, Rick Salinas, Gay Donnell Willis, Suzanne Ziemann, Cara Mendelsohn, Chad Anderson

\* \* \* \* \*

The second 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.

\* \* \* \* \*

The Required Public meeting was called to order at 8:34 a.m.

\* \* \* \* \*

**1. Report on the health and performance of the Pension System**

January 1, 2025 Actuarial Valuation

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

No motion was made.

\* \* \* \* \*

**Required Public Meeting  
Thursday, September 11, 2025**

**2. 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 Ms. Hernandez Patterson. and a second by Mr. Colonna, the meeting was adjourned at 9:10 a.m.

\_\_\_\_\_  
Michael Taglienti,  
Chairman

**ATTEST:**

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

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

**ROLL CALL**

**Board Members**

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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

\* \* \* \* \*

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

The Regular meeting was reconvened at 9:10 a.m.

\* \* \* \* \*

**A. TRUSTEES**

Staff and the Board thanked Mr. Brown for his service to the Board and the members and welcomed the newly appointed Trustees; Ms. Duenas, Ms. Hernandez Patterson, and Mr. Letier.

No motion was made.

\* \* \* \* \*

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

**B. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers J. A. Cheatham, Philip R. Hughes, Danny R. Day, Sandra J. Magg, Melvin D. Cozby, and retired firefighters Robert E. Drown, Juan J. Urreta, Rex F. Stovall, Ronnie E. James and Roy W. Ferrell.

No motion was made.

\* \* \* \* \*

**C. APPROVAL OF MINUTES**

Regular meeting of August 14, 2025

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

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

**1. 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. Colonna 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. Kelly seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**2. Board Committee Appointments**

The Board has three permanent committees, the Audit Committee, the Professional Services Committee, and the Investment Advisory Committee.

After discussion, Mr. Tull made a motion to appoint Tina Hernandez Patterson and Michael Brown to the Investment Advisory Committee with terms expiring September 1, 2027 as nominated by the Chairman. Mr. Shomer seconded the motion, which was unanimously approved by the Board.



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

**2. Board Committee Appointments (continued)**

After discussion, Mr. Shomer made a motion to appoint Scott Letier to the Audit Committee as nominated by the Chairman. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Scavuzzo made a motion to appoint Yvette Duenas to the Professional Services Committee as nominated by the Chairman. Mr. Tull seconded the motion, which was unanimously approved by the Board.

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**3. Portfolio Update**

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

No motion was made.

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**4. Second Quarter 2025 Investment Performance Analysis**

Leandro Festino, Managing Principal of the Meketa Investment Group presented the Second Quarter 2025 Investment Performance Analysis report.

No motion was made.

\* \* \* \* \*

**5. First Quarter 2025 Private Markets Review**

Staff presented the First Quarter 2025 Private Markets Review report.

No motion was made.

\* \* \* \* \*

**6. Real Estate: AEW Portfolio Review**

The Board went into closed executive session – Real Estate at 10:37 a.m.

The meeting reopened at 12:14 p.m.

Mark Morrison, Director of Portfolio Management and Sarah Cassidy, Head of Portfolio Management for AEW Capital Management (AEW) updated the Board on the status and plans for DFPF’s investments in RED Consolidated Holdings (RCH).

No motion was made.

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

**7. Financial Audit Status**

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

\* \* \* \* \*

**8. Executive Director Approved Pension Ministerial Actions**

The Executive Director reported on the September pension ministerial actions.

No motion was made.

\* \* \* \* \*

**9. City Contribution Update**

The Executive Director provided an update on the amount of City Contributions received and any shortage since October 1, 2024.

No motion was made.

\* \* \* \* \*

**10. 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 Trustee business-related travel or investment-related travel scheduled.

No motion was made.

\* \* \* \* \*

**11. Possible Budget Amendments**

The Chief Financial Officer proposed amendments to the 2025 budget, including a \$110,000 increase to the capital budget for a boardroom audio/video conferencing upgrade, and increases to the operating budget of \$730,000 for legal expenses and \$600,000 for investment legal expenses related to current litigation.

After discussion, Mr. Walters made a motion to increase the 2025 operating budget by \$1,330,000. Mr. Scavuzzo seconded the motion, which was approved by the following vote:

For: Mr. Taglienti, Mr. Tull, Mr. Shomer, Mr. Colonna, Mr. Scavuzzo, Ms. Hernandez Patterson, Mr. Letier, Ms. Duenas, Mr. Walters, Mr. Idoux  
Opposed: Mr. Kelly

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

**11. Possible Budget Amendments (continued)**

After discussion, Mr. Idoux made a motion to increase the 2025 capital budget by \$110,000. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**12. 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.**

- a. DPFP v. City of Dallas
- b. Dallas Police Retired Officers Association v. DPFP

The Board went into closed executive session – Legal at 10:37 a.m.

The meeting reopened at 12:14 p.m.

The Board and staff discussed legal issues.

No motion was made.

\* \* \* \* \*

The following Trustees left the meeting: Mr. Walters at 11:57 a.m., Mr. Colonna at 11:59 a.m., and Mr. Idoux at 12:00 p.m.

\* \* \* \* \*

**13. Closed Session - Board serving as Medical Committee**

**Disability application 2025-1D**

The Board went into closed executive session – Medical at 10:37 a.m.

The meeting reopened at 12:14 p.m.

After discussion, Mr. Shomer made a motion to deny the disability application based on Section 6.03 (g) 180-day application requirement. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

Mr. Kelly was not present for the vote.

\* \* \* \* \*

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

**E. BRIEFING ITEMS**

**1. Public Comment**

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

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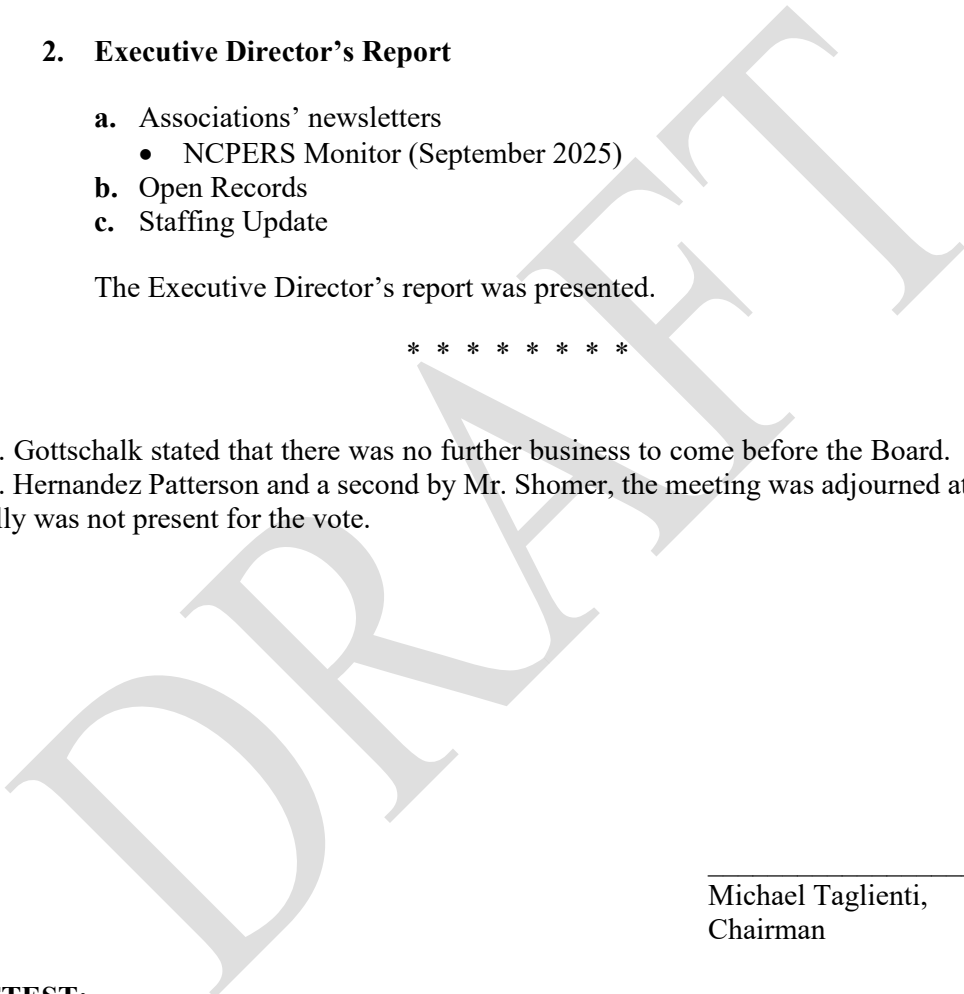
**2. Executive Director’s Report**

- a. Associations’ newsletters
  - NCPERS Monitor (September 2025)
- b. Open Records
- c. Staffing Update

The Executive Director’s report was presented.

\* \* \* \* \*

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Ms. Hernandez Patterson and a second by Mr. Shomer, the meeting was adjourned at 12:16 p.m. Mr. Kelly was not present for the vote.



\_\_\_\_\_  
Michael Taglienti,  
Chairman

**ATTEST:**

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

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

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## DISCUSSION SHEET

### ITEM #C1

**Topic:** Elect Deputy Vice Chair

**Discussion:** Article 6243a-1, Section 1.53(f) requires that the board elect Trustees to serve as officers of the Board in June of odd-numbered years. The Chairman and Vice Chairman were elected in June, but the position of Deputy Vice Chairman was left vacant due to Trustee turnover. The Board may elect a Trustee to serve in the open position of Deputy Vice Chairman.

**Staff**

**Recommendation:** Elect a Trustee to serve as Deputy Vice Chairman.

*Regular Board Meeting – Thursday, October 9, 2025*



## DISCUSSION SHEET

### ITEM #C2

**Topic:** Financial Audit Status

**Discussion:** The Chief Financial Officer will provide a status update on the annual financial audit.

*Regular Board Meeting – Thursday, October 9, 2025*



## DISCUSSION SHEET

### ITEM #C3

**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 BNY.

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](http://www.dpfp.org) for member review prior to the November meeting.

*Regular 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

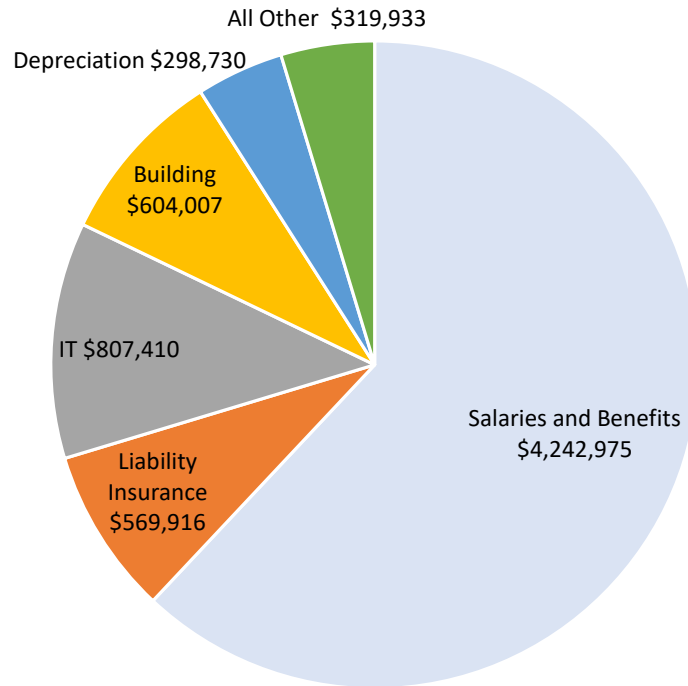
## Summary Budget

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%)
<b>Total</b>	<b>\$ 20,633,546</b>	<b>\$ 20,117,372</b>	<b>\$ 20,727,863</b>	<b>\$ 94,317</b>	<b>0.5%</b>	<b>\$ 610,491</b>	<b>3.0%</b>



# 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 DFPF 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 DFPF 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.



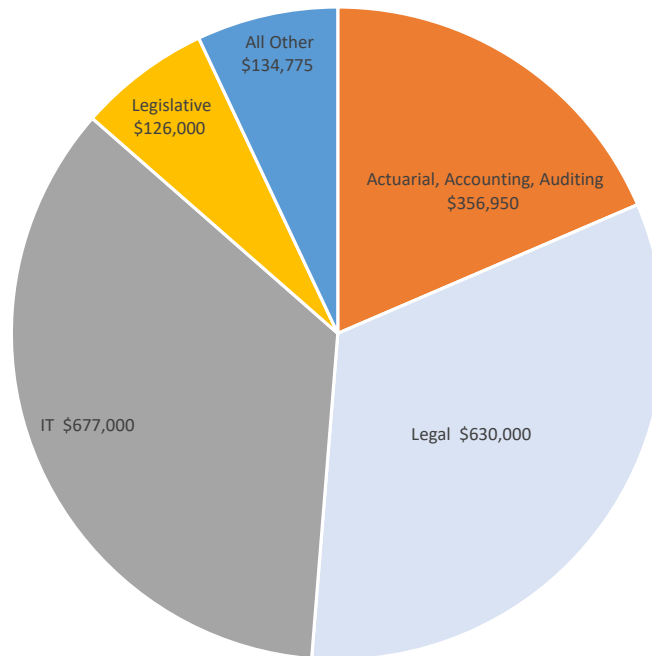
## 2026 Budget Review

### 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



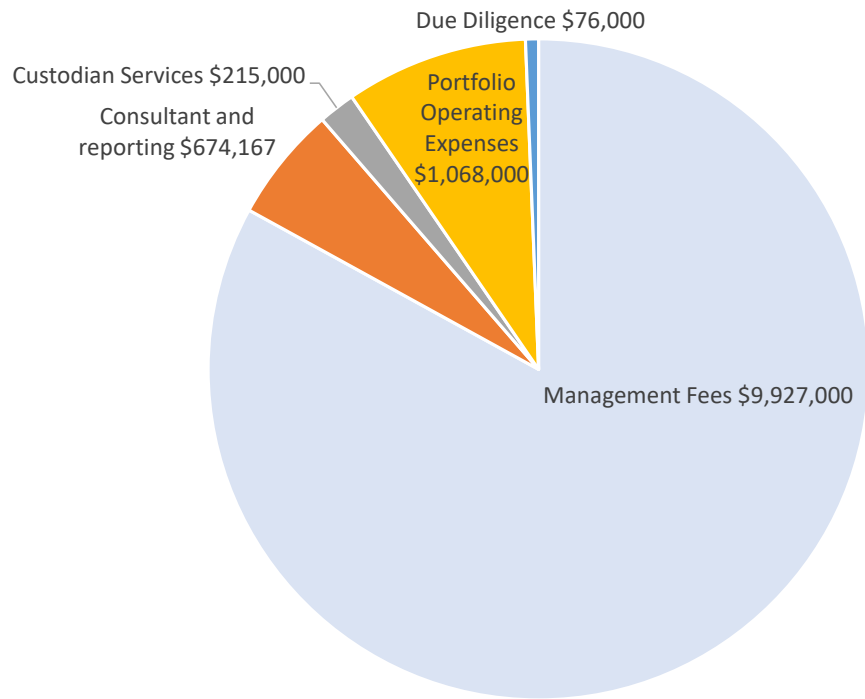
## 2026 Budget Review

### 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.

<b>Management Fee Budget - 2026</b>						
<b>Asset Category</b>	<b>Asset Class</b>	<b>2025 Budget</b>	<b>2026 Management Fee Budget</b>	<b>2026 Management Fee Budget*</b>	<b>2026 Estimated Average Market Value</b>	<b>Fee as a % of Market Value</b>
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%
<b>TOTAL</b>		<b>\$ 9,024,750</b>	<b>\$ 9,925,628</b>	<b>\$ 9,927,000</b>	<b>\$ 2,180,000,000</b>	<b>0.46%</b>

\* - 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	2026 Proposed Budget	Variances			
				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%
<b>Total</b>	<b>\$ 1,394,000</b>	<b>\$ 1,388,504</b>	<b>\$ 1,068,000</b>	<b>\$(326,000)</b>	<b>(23.4%)</b>	<b>\$(320,504)</b>	<b>(23.1%)</b>





# 2026 Budget Review

## Capital Budget

Item	Year						Total
	2026	2027	2028	2029	2030	2031	
<b>Building</b>							
Roof Replacement				340,000			340,000
Total Building	\$ -	\$ -	\$ -	\$ 340,000	\$ -	\$ -	\$ 340,000
<b>Building Notes</b>							
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.							
<b>Pension Admin System</b>							
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
<b>Pension Administration System</b>							
<b>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							



# 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
<b>Administrative Expenses</b>							
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
<b>Investment Expenses</b>							
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%
<b>Professional Services Expenses</b>							
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%
<b>Total Budget</b>	<b>20,633,546</b>	<b>20,117,372</b>	<b>20,727,863</b>	<b>94,317</b>	<b>0.5%</b>	<b>610,491</b>	<b>3.0%</b>
Less: Investment management fees	9,113,000	9,710,544	9,927,000	814,000	8.9%	216,456	2.2%
<b>Adjusted Budget Total</b>	<b>11,520,546</b>	<b>10,406,828</b>	<b>10,800,863</b>	<b>(719,683)</b>	<b>(6.2%)</b>	<b>394,035</b>	<b>3.8%</b>
<b>SUPPLEMENTAL BUDGET</b>							
<b>Total Budget ( from above)</b>	<b>20,633,546</b>	<b>20,117,372</b>	<b>20,727,863</b>	<b>94,317</b>	<b>0.5%</b>	<b>610,491</b>	<b>3.0%</b>
Less: Allocation to Supplemental Plan Budget**	155,207	187,896	193,598	38,391	24.7%	5,702	3.0%
<b>Total Combined Pension Plan Budget</b>	<b>20,478,339</b>	<b>19,929,476</b>	<b>20,534,265</b>	<b>55,926</b>	<b>0.3%</b>	<b>604,789</b>	<b>3.0%</b>





## DISCUSSION SHEET

### ITEM #C4

**Topic:** Possible 2025 Budget Amendment

**Discussion:** The staff has been working with the Harry Hines building management, Cushman Wakefield, on an appropriate method and timing of replacing the existing building HVAC systems. The options considered included replacing each floor's systems over a several-year period, as well as replacing all systems at one time. The original plan was to replace the systems over time, but significant price and tariff increases, and expected installation efficiencies have led us to conclude that replacing all systems at one time could represent significant cost savings of at least \$60,000 to the system. The original 2025 capital budget included \$150,000 for the first floor only to be replaced. The first, third and fourth floor can be replaced for an estimated total of \$450,000.

**Recommendation:** Increase the 2025 capital budget by \$300,000.

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# DALLAS POLICE AND FIRE PENSION SYSTEM 2025 HVAC BUDGET AMENDMENT October 9, 2025



## 2025 HVAC Budget Amendment

- DPFPP owns the Harry Hines building and occupies the first and second floors, while leasing out the 3<sup>rd</sup> and 4<sup>th</sup> floors.
- We employ Cushman Wakefield to help manage the building and services.

## 2025 HVAC Budget Amendment

- Building was renovated in 2008.
- HVAC systems have been repaired but not replaced since the renovation.
- In 2024, we experienced a system failure on the 2<sup>nd</sup> floor.
- At that time, the quotes were \$150,000 and a six-month lead time for new units or two to three weeks and \$50,000 to replace only the four compressors.
- We choose to replace the compressors and to develop a capital plan to address the aging equipment.



## 2025 HVAC Budget Amendment

- A four-year capital plan for HVAC replacement was included with the 2025 Budget.
- Staff informed the Board in August about the price increase for HVAC replacements since the budget was approved.
- Since that meeting we have continued to work with Cushman Wakefield and our vendors on pricing and how we could reduce costs.

## 2025 HVAC Budget Amendment

- Risks of separate installations:
  - Unit Failure
  - Loss of Rental Revenue and possible other costs
  - Inflation and tariffs
- Gains of earlier replacements
  - Energy efficiency
  - Reduced maintenance
  - Lower overall costs

Offset by the opportunity cost of investment earnings in the next two years on approximately \$300k.



## 2025 HVAC Budget Amendment

If units are replaced as separate projects, additional costs would be incurred for stage-up, fuel surcharges, multiple crane charges, increases in equipment and material cost, labor costs and possible tariffs.

Estimated Savings of installing all units at one time is at least \$60,000.

Staff recommends increasing the 2025 capital budget by \$300,000 to allow for the entire building's HVAC systems to be replaced at one time.



# 2025 HVAC Budget Amendment

Any questions?





## DISCUSSION SHEET

### ITEM #C5

**Topic:** Pension Administration Software Update

**Discussion:** Pension Administration Software (PAS) is integral to carrying out the primary function of any defined benefit pension system. At a high level, PAS provides member tracking, benefit calculations, pension payroll processing, pension payments, contribution refunds, various deductions, and tax withholding.

The last major upgrade of DPFP's PAS was completed in 2003. The vendor has modified the software over the years as our needs/benefits have changed, including implementing the significant benefit and DROP changes from the 2017 legislation. The changes that have been made since the implementation in 2003 have provided the required functionality, but do not take advantage of modern technological advances.

The current DPFP PAS is adequate to correctly process benefits. It is secure and is currently supported by the vendor. However, modern PAS products, including newer versions from our current vendor, would greatly enhance DPFP's ability to administer the pension more accurately and efficiently by automating many of the processes that are now done outside of the PAS and provide better service for the membership in several ways such as enhanced information directly accessible by the member online and quicker answers to questions because of the integration of the member's documents with the

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## **DISCUSSION SHEET**

### **ITEM #C5** (continued)

software. Replacement of a PAS after 20 years would not be inconsistent with what other public plans do.

During the 2024 budget process, the Board asked that staff look further into the available options. An update on the project was provided in April 2025, and direction was given to proceed to the next step in the evaluation process.

Staff will discuss the steps taken and the information learned to date related to the PAS project, and the recommended next steps.

*Regular Board Meeting – Thursday, October 9, 2025*



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



## **Pension Administration Software (PAS) Update**

October 9, 2025  
Board Meeting

# Background – Pension Administration Software (PAS) Project

- Pension Administration Software (PAS) is integral to carrying out the primary function of any defined benefit pension system. At a high level, PAS provides member tracking, benefit calculations, pension payroll processing, pension payments, contribution refunds, various deductions, and tax withholding.
- The last major upgrade of DFPF's PAS was completed in 2003. The vendor has modified the software over the years as our needs/benefits have changed, including implementing the significant benefit and DROP changes from the 2017 legislation. The changes made since the implementation in 2003 have provided the required functionality, but they do not take advantage of modern technological advances.
- Levi Ray & Shoup (aka LRS) is DFPF's current PAS vendor and the software is PensionGold version 2.



# Background – Pension Administration Software (PAS) Project

- The current DFPF PAS is adequate to correctly process benefits. It is secure and is currently supported by the vendor.
- Modern PAS products, including newer versions from our current vendor, would greatly enhance DFPF's ability to administer the pension more accurately and efficiently by automating many of the processes that are now done outside of the PAS and provide better service for the membership in several ways such as enhanced information directly accessible by the member online and quicker answers to questions because of the integration of the member's documents with the software.
- Replacement of a PAS after 20 years would not be inconsistent with what other public plans do.

# Background – Pension Administration Software (PAS) Project

- During the 2024 budget process, the Board asked that staff look further into the available options.
- DPFP hired Linea Solutions to assist in evaluating options.
  - Linea did an extensive analysis with staff to provide a current state assessment and identify capabilities in modern software that could improve our operations and service to the members.
  - Linea was also asked to provide a list of considerations and a recommendation about whether to upgrade our current software (PensionGold version 2 to version 4) or conduct a full solicitation to consider other PAS vendors.
  - Linea developed the following list of considerations and recommended next steps.

# Linea Solutions - Strategic Considerations

- **Functional fit**
  - Automation and integration
  - System functional improvements to reduce manual workarounds
  - Administrative self-service
- **Service delivery**
- **Cost Benefit Analysis**
  - Balancing the cost of functions and features vs. value add
  - Procurement and implementation vs. upgrade costs
- **DPFP effort and timelines**
  - DPFP efforts required for a procurement and implementation vs. a system upgrade
- **Technology**
- **Market Viability**
  - Limited number of vendors based on DPFP's size
- **Change Management**
- **Risk Management**

# Linea Recommendation & Further Steps

- Linea recommended DFP consider a PensionGold upgrade rather than consider an alternate marketplace vendor.
- However, Linea also recommended we explore further whether PensionGold version 4 would meet the robust workflow staff has developed using Asana, and if the LRS imaging system would meet our requirements.
- The Linea report and recommendations were presented to the Board in April 2025. Since that time, staff have explored both the workflow and imaging capabilities of the LRS, and we believe the system will meet our needs.
- Staff consulted with outside legal counsel specializing in PAS contracts to discuss procurement and contracting options and their pros/cons.

# Next Steps

- If approved, contract with LRS to perform a Pre-Engagement Project. This project is intended to identify the requirements of the system and provide deliverables, including:
  - A comprehensive Interface Analysis detailing existing and future interfaces required for PensionGold version 4.
  - A comprehensive Imaging System Analysis detailing a recommendation and cost for an imaging system to integrate with the PensionGold software.
  - Define the Line of Business Requirements, work with DPFP staff to define every function the system needs to perform.
  - Develop a structured checklist for each category of preparation activities for the transition to PensionGold version 4, including a timeline and final fixed price quote. The fixed price quote will include implementation, maintenance, and support.

# Next Steps

- Timeline
  - The Pre-Engagement Project will start mid-March 2026 and is expected to end mid-September 2026.
  - If the DPFPP proceeds to implement PensionGold version 4, it is anticipated that legal costs will be incurred in Q4 of 2026.
- 2026 Budget Proposal
  - \$300,000 LRS Pre-Engagement Project Cost (\$269,000 contract plus ~11.5% contingency)
  - \$50,000 Additional Linea Services, if needed to provide support to staff and review of pre-engagement project deliverables.
  - \$75,000 PAS Software Legal Specialist to assist with the contract for the software implementation phase, if approved, and any questions that may arise during the Pre-Engagement Project phase.

# Project is Not an Approval to Proceed

- This project is intended for pre-engagement services in order for DPFP to make a strategic evaluation and for planning. DPFP will determine at the conclusion of this project whether or not to enter into an agreement for complete implementation, licensing, and delivery of PensionGold version 4. This project does not obligate DPFP to go further on the project with LRS.





## DISCUSSION SHEET

### ITEM #C6

**Topic:** Executive Director Approved Pension Ministerial Actions

**Discussion:** The Executive Director approved ministerial membership actions according to the Retirement and Payments Approval Policy. Membership actions approved are summarized in the provided report.

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Membership Actions -2025

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	38	27	16	15	10	13	12	21	13	4			169
DROP - Join	2	2	0	0	0	0	0	0	0	4			8
Estate Payments	6	7	8	9	3	4	3	9	6	9			64
Survivor Benefits	4	11	4	9	3	4	1	5	3	7			51
Retirements	7	10	8	9	10	7	11	13	8	9			92
Alternate Payees	0	0	2	1	2	1	2	1	2	4			15
Spouse Wed After Retirement	0	0	0	1	0	0	0	0	0	0			1
Service Purchases	1	1	0	0	2	2	1	1	2	1			11
Earnings Test	0	0	0	0	0	0	11	0	0	0			11

Membership Actions -2024

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	23	22	21	26	16	21	13	19	37	18	20	32	268
DROP - Join	1	1	2	0	5	1	1	1	0	1	0	0	13
Estate Payments	2	1	3	5	3	1	4	5	10	7	7	9	57
Survivor Benefits	4	6	3	8	5	4	6	5	3	4	5	3	56
Retirements	10	10	16	9	13	10	9	11	7	5	8	6	114
Alternate Payees	2	0	2	1	1	1	0	0	0	1	0	0	8
Spouse Wed After Retirement	0	0	0	0	0	0	0	0	1	0	0	0	1
Service Purchases	0	2	0	1	7	2	1	2	1	2	5	1	24
Earnings Test*	0	0	0	0	0	0	10	0	0	0	0	0	10

Membership Actions -2023

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	26	19	12	13	17	14	23	13	57	53	18	21	286
DROP - Join	3	3	0	2	2	2	0	0	3	0	3	0	18
Estate Payments	0	5	7	5	1	2	4	92	5	3	5	9	138
Survivor Benefits	1	6	8	6	4	3	5	6	6	2	3	6	56
Retirements	12	16	11	14	11	12	10	13	10	17	6	12	144
Alternate Payees	0	2	1	0	2	3	1	3	2	0	0	1	15
Spouse Wed After Retirement	1	0	0	0	0	0	0	0	1	1	1	0	4
Service Purchases	2	0	0	1	0	2	0	1	0	0	2	0	8
Earnings Test	0	0	0	0	0	9	0	0	0	0	0	0	9

Data is based on Agenda/Executive Approval Date

Service purchases include Military, DROP Revocation, and Previously Withdrawn Contributions

The increase in Refunds in September 2023 and October 2023 is due to the Refund Project

87 of the Estate Payments in August 2023 are approvals for the Pending Death Project



## DISCUSSION SHEET

### ITEM #C7

**Topic:** City Contribution Update

**Discussion:** Staff will update the Board on the accumulated amount of City Contributions paid compared to the City Contributions due under the law.

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City Regular Plan Contributions				
Pay Period Date	Date Contributions Received	City Contribution Paid (Excluding Excess Benefit Plan Contributions)	City Contributions Due under Based on Current Law as Confirmed by the Court	Contribution Shortage
<b>City Contributions Beginning 10-1-2024</b>				
10/1/2024-10/8/2024	Pro-rated last payroll	\$ 3,814,556.76	\$ 4,727,428.57	\$ 912,871.81
10/9/2024 -10/22/2024	10/24/2024	\$ 6,588,862.07	\$ 8,273,000.00	\$ 1,684,137.93
10/23/2024 - 11/5/2024	11/7/2024	\$ 6,707,431.25	\$ 8,273,000.00	\$ 1,565,568.75
11/6/2024 - 11/19/2024	11/21/2024	\$ 6,612,830.37	\$ 8,273,000.00	\$ 1,660,169.63
City Catch Up based on City Plan - with Errors	12/3/2024	\$ 1,762,120.67	\$ -	\$ (1,762,120.67)
11/20/2024 -12/3/2024	12/6/2024	\$ 7,790,959.24	\$ 8,273,000.00	\$ 482,040.76
12/4/2024 -12/17/2024	12/19/2024	\$ 7,708,704.35	\$ 8,273,000.00	\$ 564,295.65
12/18/2024 - 12/31/2024	1/2/2025	\$ 7,787,490.19	\$ 8,273,000.00	\$ 485,509.81
1/1/2025 -1/14/2025	1/17/2025	\$ 7,884,160.99	\$ 8,273,000.00	\$ 388,839.01
1/15/2025 - 1/28/2025	1/30/2025	\$ 7,899,488.32	\$ 8,273,000.00	\$ 373,511.68
1/29/2025 - 2/11/2025	2/13/2025	\$ 7,913,485.36	\$ 8,273,000.00	\$ 359,514.64
2/12/2025 - 2/25/2025	2/28/2025	\$ 7,934,532.31	\$ 8,273,000.00	\$ 338,467.69
2/26/2025 - 3/11/2025	3/14/2025	\$ 7,904,750.02	\$ 8,273,000.00	\$ 368,249.98
3/12/2025 - 3/25/2025	3/28/2028	\$ 7,912,333.15	\$ 8,273,000.00	\$ 360,666.85
3/26/2025 - 4/8/2025	4/11/2025	\$ 7,917,680.65	\$ 8,273,000.00	\$ 355,319.35
4/9/2025 - 4/22/2025	4/25/2025	\$ 7,966,183.27	\$ 8,273,000.00	\$ 306,816.73
4/23/2025 - 5/6/2025	5/8/2025	\$ 7,915,846.40	\$ 8,273,000.00	\$ 357,153.60
5/7/2025 - 5/20/2025	5/22/2025	\$ 7,918,548.61	\$ 8,273,000.00	\$ 354,451.39
5/21/2025 - 6/3/2025	6/6/2025	\$ 7,925,137.14	\$ 8,273,000.00	\$ 347,862.86
6/4/2025 - 6/17/2025	6/18/2025	\$ 7,919,179.02	\$ 8,273,000.00	\$ 353,820.98
6/18/2025 - 7/1/2025	7/2/2025	\$ 7,920,126.26	\$ 8,273,000.00	\$ 352,873.74
7/2/2025 - 7/15/2025	7/18/2025	\$ 7,917,562.71	\$ 8,273,000.00	\$ 355,437.29
7/16/2025 - 7/29/2025	8/1/2025	\$ 7,929,246.37	\$ 8,273,000.00	\$ 343,753.63
7/30/2025 - 8/12/2025	8/14/2025	\$ 7,936,464.10	\$ 8,273,000.00	\$ 336,535.90
8/13/2025 - 8/26/2025	8/29/2025	\$ 7,924,294.31	\$ 8,273,000.00	\$ 348,705.69
8/27/2025 - 9/9/2025	9/12/2025	\$ 7,925,302.36	\$ 8,273,000.00	\$ 347,697.64
9/10/2025 - 9/23/2025	9/26/2025	\$ 7,923,899.51	\$ 8,273,000.00	\$ 349,100.49
<b>FY 2025 YTD Shortage</b>		<b>\$ 199,261,175.76</b>	<b>\$ 211,552,428.57</b>	<b>\$ 12,291,252.81</b>
<b>FY 2024 Shortage - City Commitment (\$184,733,285 minus \$181,798,953.77)</b>				<b>\$ 2,934,331.23</b>
<b>Total Shortage</b>				<b>\$ 15,225,584.04</b>



## DISCUSSION SHEET

### ITEM #C8

**Topic:** Board Approval of Trustee Education and Travel

**Discussion:** 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.

*Regular Board Meeting – Thursday, October 9, 2025*

**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – October 9, 2025**

		<u>REQUESTED</u>	<u>APPROVED</u>
1.	<p><b>Conference:</b> NCPERS Accredited Fiduciary Program (NAF)</p> <p><b>Dates:</b> October 25-26, 2025</p> <p><b>Location:</b> Fort Lauderdale, FL</p> <p><b>Est Cost:</b> \$900</p>	<b>MT, MS</b>	<b>06/12/2025</b>
2.	<p><b>Conference:</b> NCPERS Program for Advanced Trustee Studies (PATs)</p> <p><b>Dates:</b> October 25-26, 2025</p> <p><b>Location:</b> Fort Lauderdale, FL</p> <p><b>Est Cost:</b> \$900</p>		
3.	<p><b>Conference</b> NCPERS Financial, Actuarial, Legislative &amp; Legal <b>(FALL) Conference</b></p> <p><b>Dates:</b> October 26-29, 2025</p> <p><b>Location:</b> Fort Lauderdale, FL</p> <p><b>Est Cost:</b> \$850</p>	<b>MT</b>	



## DISCUSSION SHEET

### ITEM #C9

**Topic:** Portfolio Update

**Discussion:** Investment Staff will brief the Board on recent events and current developments with respect to the investment portfolio.

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PENSION SYSTEM



## Portfolio Update

*October 9, 2025*

*Board Meeting*

## Executive Summary

- **Estimated YTD Return (through 9/30/25):** 13.1% for DPFP Portfolio; 14.5% for Public Portfolio which makes up 81.1% of the assets.
- **\$15.6M of private market proceeds** received YTD.
- The IAC will review the Public Equity portfolio at the October 23<sup>rd</sup> meeting and bring any recommendations back to the Board for consideration.



# Investment Initiatives – 2025/26 Plan

## Q1 – Q3 2025

- Appointment of Private Markets Sub-Committee
- Private Credit Pacing Plan
- Public Equity and Public Credit Asset Class Structure Reviews
- Private Equity Pacing Plan
- Sub-Committee Review of New Private Credit Investments
- Initiate Multi Asset Credit Search
- Board Approval of Initial Private Credit Commitments
- Multi Asset Credit (MAC) Search and Manager Selection

## Q4 2025

- IAC Review of Public Equity Portfolio
- ICG Funding
- Board Review of New Private Credit Opportunities
- Sub-Committee review of Private Equity Secondary Opportunities

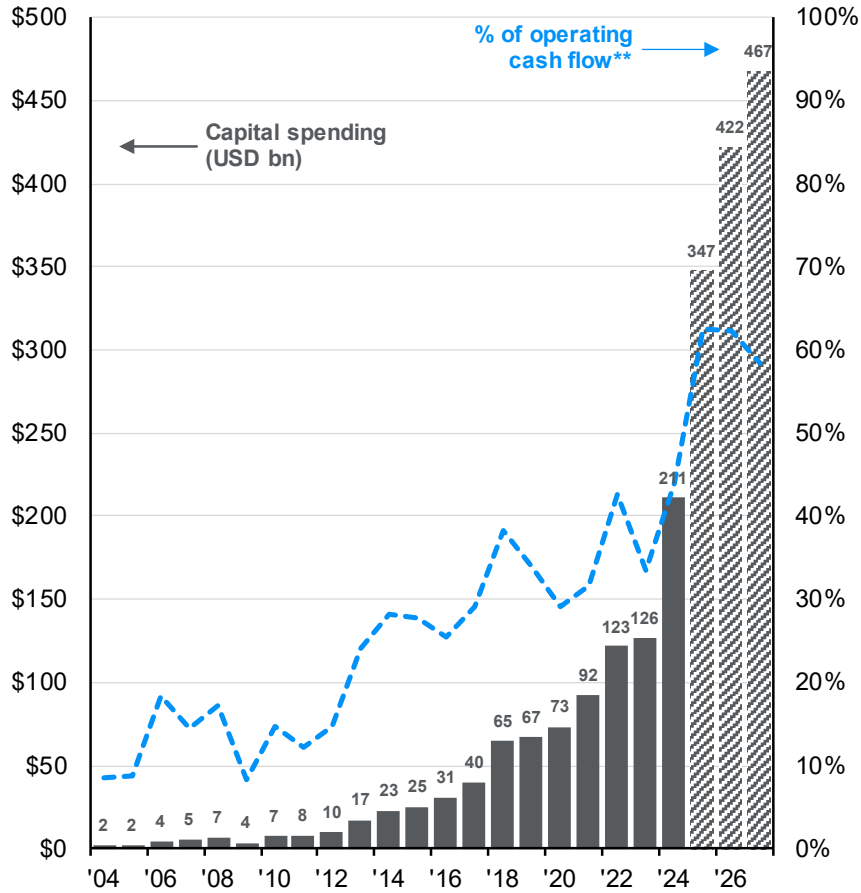
## 2026

- Possible Global Equity Value Search
- Possible Small Cap equity searches
- Search for 2<sup>nd</sup> MAC Manager

# AI CapEx Spending

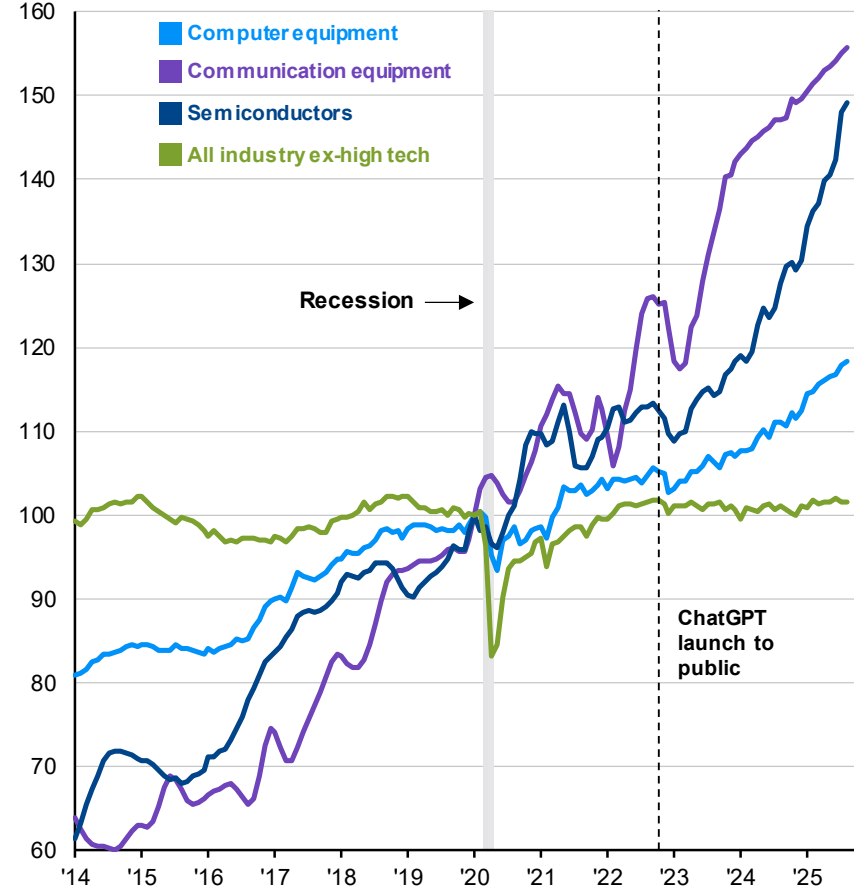
## Capex from the major AI hyperscalers\*

USD billions; Alphabet, Amazon (AWS), Meta, Microsoft, Oracle



## U.S. industrial production of high tech industries

Indexed to 100 in Jan 2020



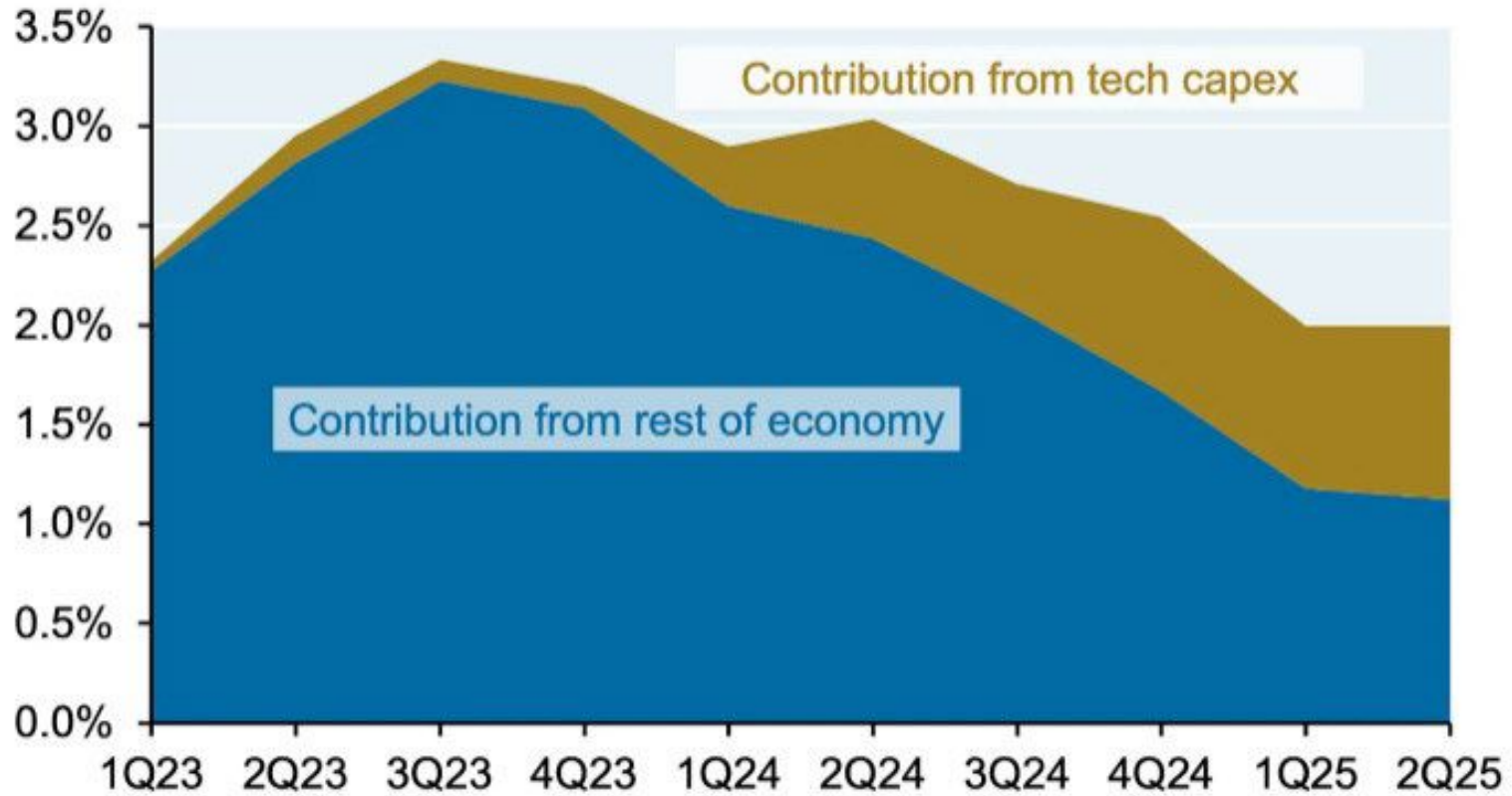
Source: J.P. Morgan Asset Management; (Left) Bloomberg; (Right) Federal Reserve Board.

Data for 2025, 2026 and 2027 reflect consensus estimates. Capex shown is company total, except for Amazon, which reflects an estimate for AWS spend (2004 to 2012 are J.P. Morgan Asset Management estimates and 2012 to current are Bloomberg consensus estimates). \*Hyperscalers are the large cloud computing companies that own and operate data centers with horizontally linked servers that, along with cooling and data storage capabilities, enable them to house and operate AI workloads. \*\*Reflects cash flow before capital expenditures in contrast to free cash flow, which subtracts out capital expenditures.

Guide to the Markets – U.S. Data are as of September 30, 2025.

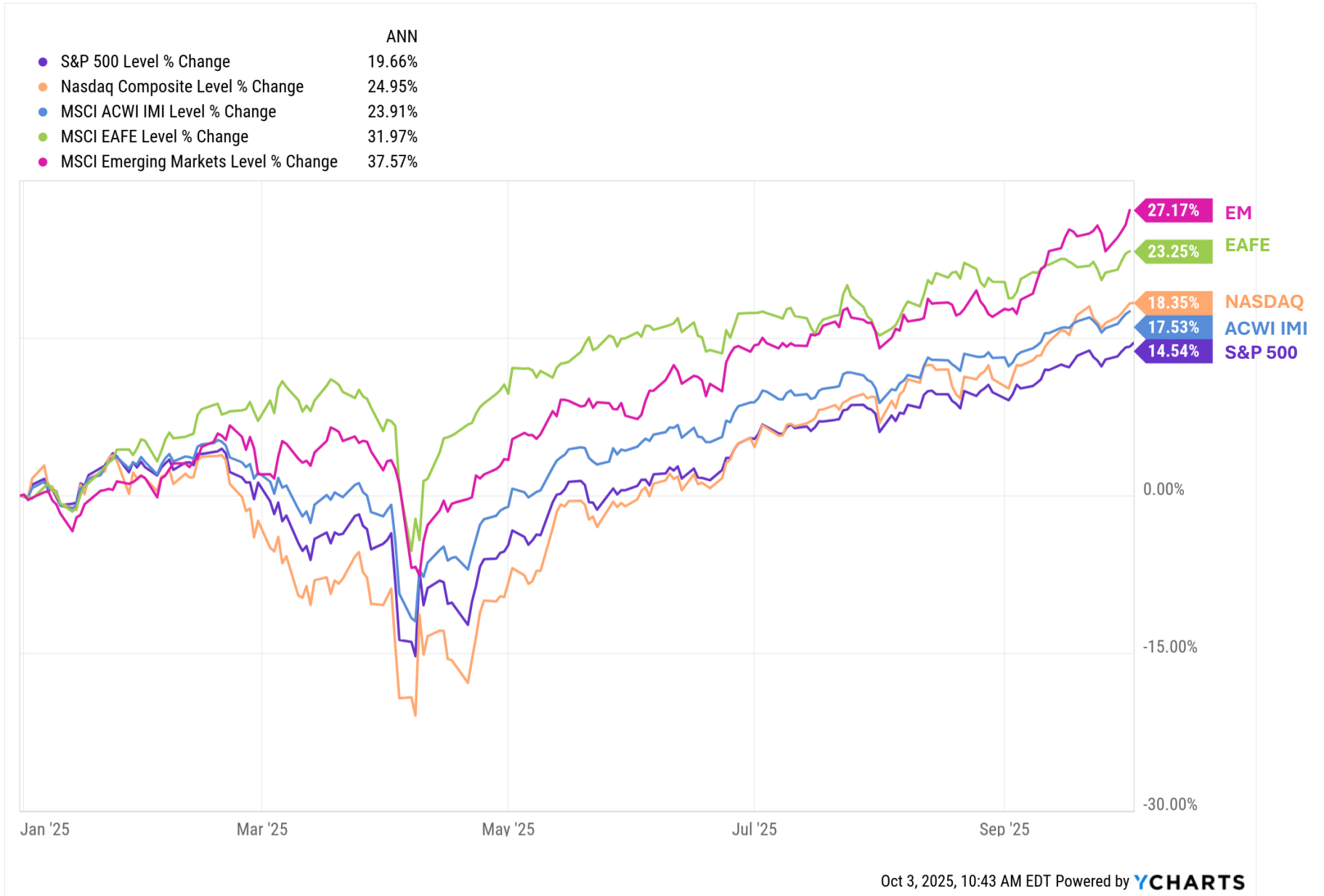
# AI CapEx Spend & Contribution to GDP

## US real GDP growth contribution from tech capex Percent



Source: Bridgewater, August 2025

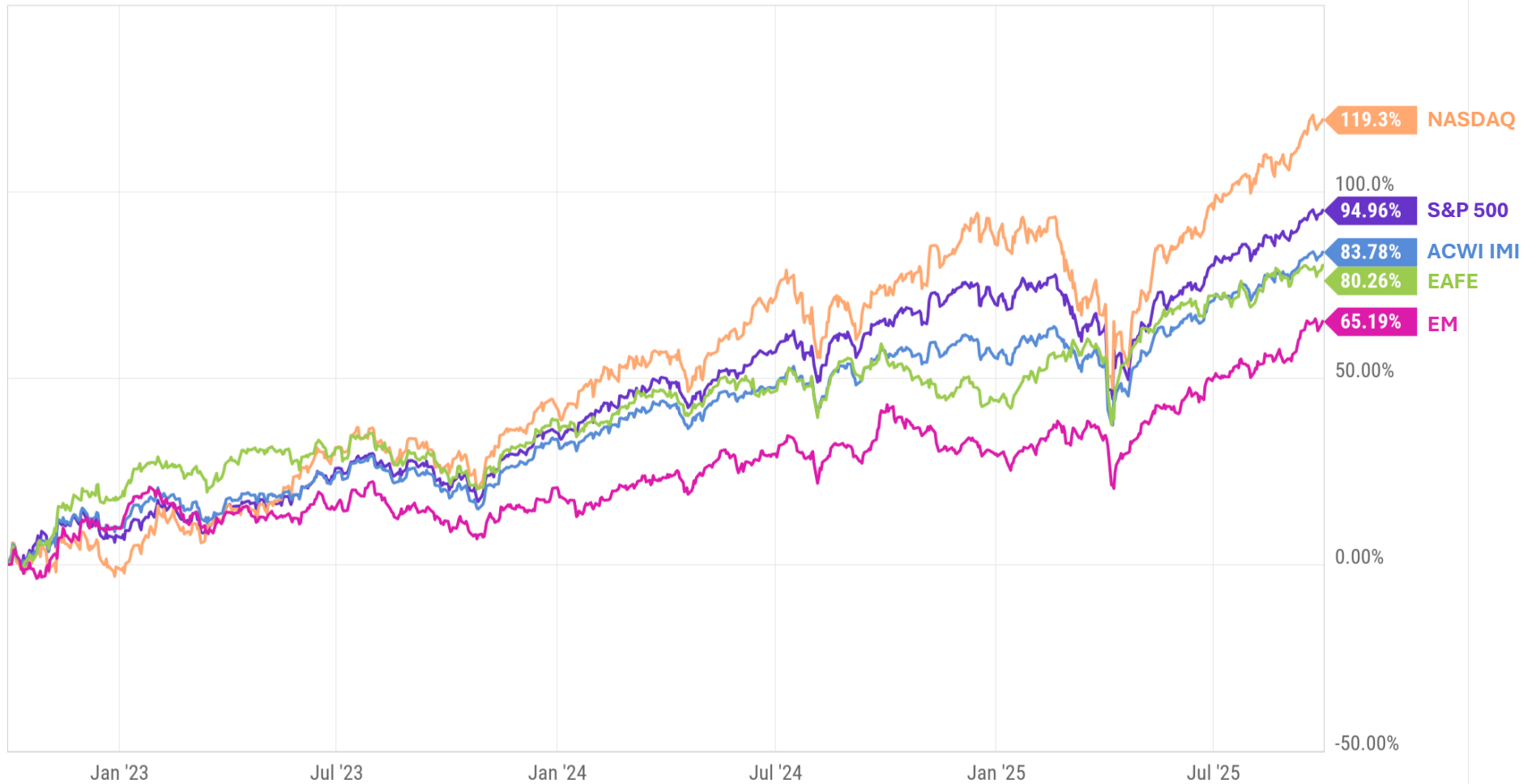
# YTD Equity Markets Returns (As of 10/3/25)



Oct 3, 2025, 10:43 AM EDT Powered by **YCHARTS**

# Global Equity Markets Returns (3 Years Ending 9/30/25)

	ANN
● S&P 500 Total Return (^SPXTR) Level % Change	24.90%
● Nasdaq Composite Total Return (^NACTR) Level % Change	29.89%
● MSCI ACWI IMI Net Total Return (^MSACIMNTR) Level % Change	22.49%
● MSCI EAFE Net Total Return (^MSEAFENTR) Level % Change	21.70%
● MSCI Emerging Markets Net Total Return (^MSEMNTNTR) Level % Change	18.21%



# Public Markets Performance Snapshot

Public Markets made up 81.1% of DFPF Investment Portfolio.

Trailing Net Performance | As of September 30, 2025

Performance Summary Ending September 30, 2025								
	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
<b>Total Public Portfolio</b>	<b>1,772,032,854</b>	<b>2.6</b>	<b>14.5</b>	<b>12.7</b>	<b>17.7</b>	<b>9.1</b>	<b>7.0</b>	<b>Oct-05</b>
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>		<i>2.3</i>	<i>14.1</i>	<i>11.0</i>	<i>15.5</i>	<i>7.3</i>	<i>6.1</i>	
<b>Public Equity</b>	<b>1,269,675,463</b>	<b>3.4</b>	<b>18.9</b>	<b>16.3</b>	<b>22.2</b>	<b>12.8</b>	<b>8.1</b>	<b>Jul-06</b>
<i>MSCI AC World IMI Index (Net)</i>		<i>3.4</i>	<i>18.3</i>	<i>16.8</i>	<i>22.5</i>	<i>13.3</i>	<i>8.0</i>	
Boston Partners Global Equity Fund	134,482,190	1.8	27.8	20.2	23.2	18.2	10.6	Jul-17
<i>MSCI World Net</i>		<i>3.2</i>	<i>17.4</i>	<i>17.2</i>	<i>23.7</i>	<i>14.4</i>	<i>12.1</i>	
Manulife Global Equity Strategy	132,805,700	1.6	14.6	10.6	19.5	12.3	9.8	Jul-17
<i>MSCI ACWI Net</i>		<i>3.6</i>	<i>18.4</i>	<i>17.3</i>	<i>23.1</i>	<i>13.5</i>	<i>11.4</i>	
Walter Scott Global Equity Fund	131,327,821	1.3	8.4	5.4	17.8	9.3	10.0	Dec-09
<i>MSCI ACWI Net</i>		<i>3.6</i>	<i>18.4</i>	<i>17.3</i>	<i>23.1</i>	<i>13.5</i>	<i>10.0</i>	
WCM Global Equity	142,337,028	8.2	28.4	38.8	--	--	37.2	Dec-23
<i>MSCI AC World Index Growth (Net)</i>		<i>4.9</i>	<i>19.1</i>	<i>22.2</i>	<i>27.5</i>	<i>13.3</i>	<i>26.6</i>	
NT Russell 2000 Index	65,835,774	3.1	--	--	--	--	--	Aug-25
<i>Russell 2000 Index (Net)</i>		<i>3.1</i>	<i>10.1</i>	<i>10.3</i>	<i>14.7</i>	<i>11.1</i>	<i>10.4</i>	
NT ACWI Index IMI	508,540,429	3.5	18.5	17.1	23.0	--	10.4	Apr-21
<i>MSCI AC World IMI Index (Net)</i>		<i>3.4</i>	<i>18.3</i>	<i>16.8</i>	<i>22.5</i>	<i>13.3</i>	<i>10.0</i>	
Global Alpha International Small Cap	63,824,399	0.4	20.0	6.7	12.4	--	3.4	May-22
<i>MSCI EAFE Small Cap (Net)</i>		<i>1.6</i>	<i>28.4</i>	<i>17.7</i>	<i>19.6</i>	<i>8.5</i>	<i>9.5</i>	
RBC Emerging Markets Equity	90,522,123	6.6	25.5	15.0	19.1	7.7	5.4	Jan-18
<i>MSCI Emerging Markets IMI (Net)</i>		<i>6.4</i>	<i>25.9</i>	<i>16.0</i>	<i>18.2</i>	<i>7.6</i>	<i>4.7</i>	

# Public Markets Performance Snapshot

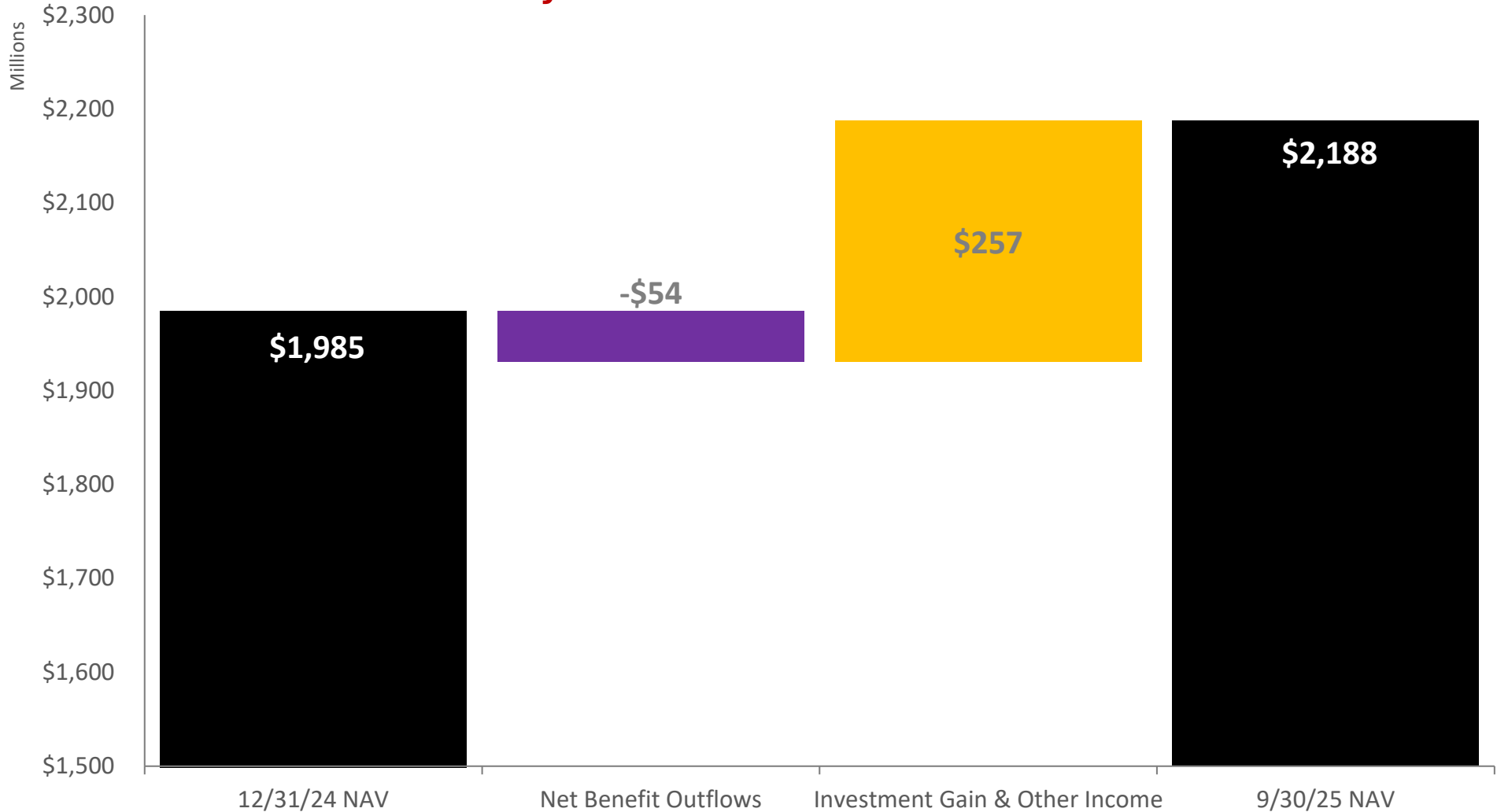
## Trailing Net Performance | As of September 30, 2025

	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
<b>Fixed Income and Cash</b>	273,826,111	0.6	4.8	4.5	5.1	1.9	2.4	May-18
<i>Fixed Income and Cash Blended Benchmark</i>		0.6	4.5	3.8	4.8	1.4	2.3	
<b>IR&amp;M 1-3 Year Strategy</b>	128,928,309	0.4	4.5	4.7	5.3	2.2	2.6	Jul-17
<i>Blmbg. U.S. Aggregate 1-3 Yrs</i>		0.3	4.2	4.1	4.7	1.8	2.1	
<b>Longfellow Core Fixed Income</b>	85,021,441	1.2	6.4	3.3	5.6	0.2	0.3	Jul-20
<i>Blmbg. U.S. Aggregate Index</i>		1.1	6.1	2.9	4.9	-0.4	-0.3	
<b>Cash Equivalents</b>	59,876,361	0.3	3.6	4.8	5.0	3.2	4.7	Jul-96
<i>ICE BofA 3 Month U.S. T-Bill</i>		0.3	3.2	4.4	4.8	3.0	2.4	
<b>Public Credit</b>	228,531,280	1.0	7.7	7.7	11.2	4.3	3.7	May-18
<i>Credit Blended Benchmark</i>		0.8	7.3	7.3	10.6	5.3	4.8	
<b>Aristotle Pacific Capital Bank Loan</b>	88,206,717	0.6	5.0	7.2	10.2	7.0	5.6	Aug-17
<i>S&amp;P UBS Leveraged Loan Index</i>		0.5	4.8	7.2	9.7	6.9	5.4	
<b>Loomis US High Yield Fund</b>	74,308,752	1.1	8.2	8.7	10.9	--	3.9	Jan-21
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>		0.8	7.2	7.4	11.1	5.5	4.5	
<b>Metlife Emerging Markets Debt Blend</b>	66,015,811	1.5	11.1	8.1	12.3	--	12.3	Oct-22
<i>35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Di</i>		1.3	10.7	7.2	10.8	2.6	10.8	

# Change in Market Value Bridge Chart - As of 9/30/2025

*In Millions*

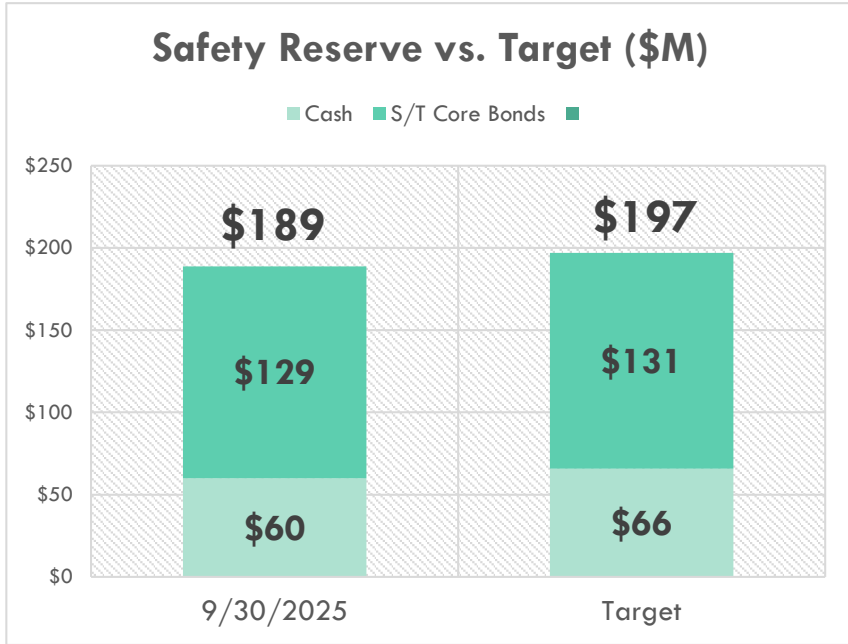
**2025 YTD Preliminary Investment Return estimated at 13.1%**



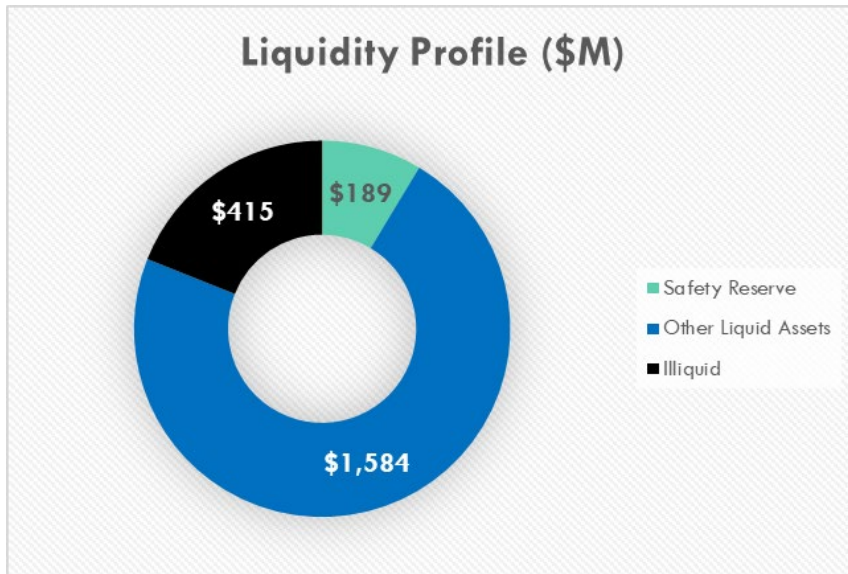
The beginning 12/31/24 value includes a one-quarter lag on private assets.  
 Numbers may not foot due to rounding.



# Liquidity Dashboard – As of 9/30/25



Projected Net Monthly outflows of **\$6.4M** per month. Safety Reserve of **\$189M** would cover net monthly outflows for next **29 months** or through **February 2028**.



Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	<b>9/30/25</b>		<b>\$59.6</b>	<b>2.8%</b>
City & Member Contribution	10/10/25	\$10.8	\$70.4	3.3%
City & Member Contribution	10/24/25	\$10.8	\$81.2	3.8%
Pension Payroll	10/29/25	(\$28.9)	\$52.3	2.4%
City & Member Contribution	11/7/25	\$10.8	\$63.2	2.9%
City & Member Contribution	11/21/25	\$10.8	\$74.0	3.4%
Pension Payroll	11/26/25	(\$28.9)	\$45.1	2.1%
City & Member Contribution	12/5/25	\$10.8	\$55.9	2.6%
City & Member Contribution	12/19/25	\$10.8	\$66.8	3.1%
Pension Payroll	12/31/25	(\$28.9)	\$37.9	1.8%

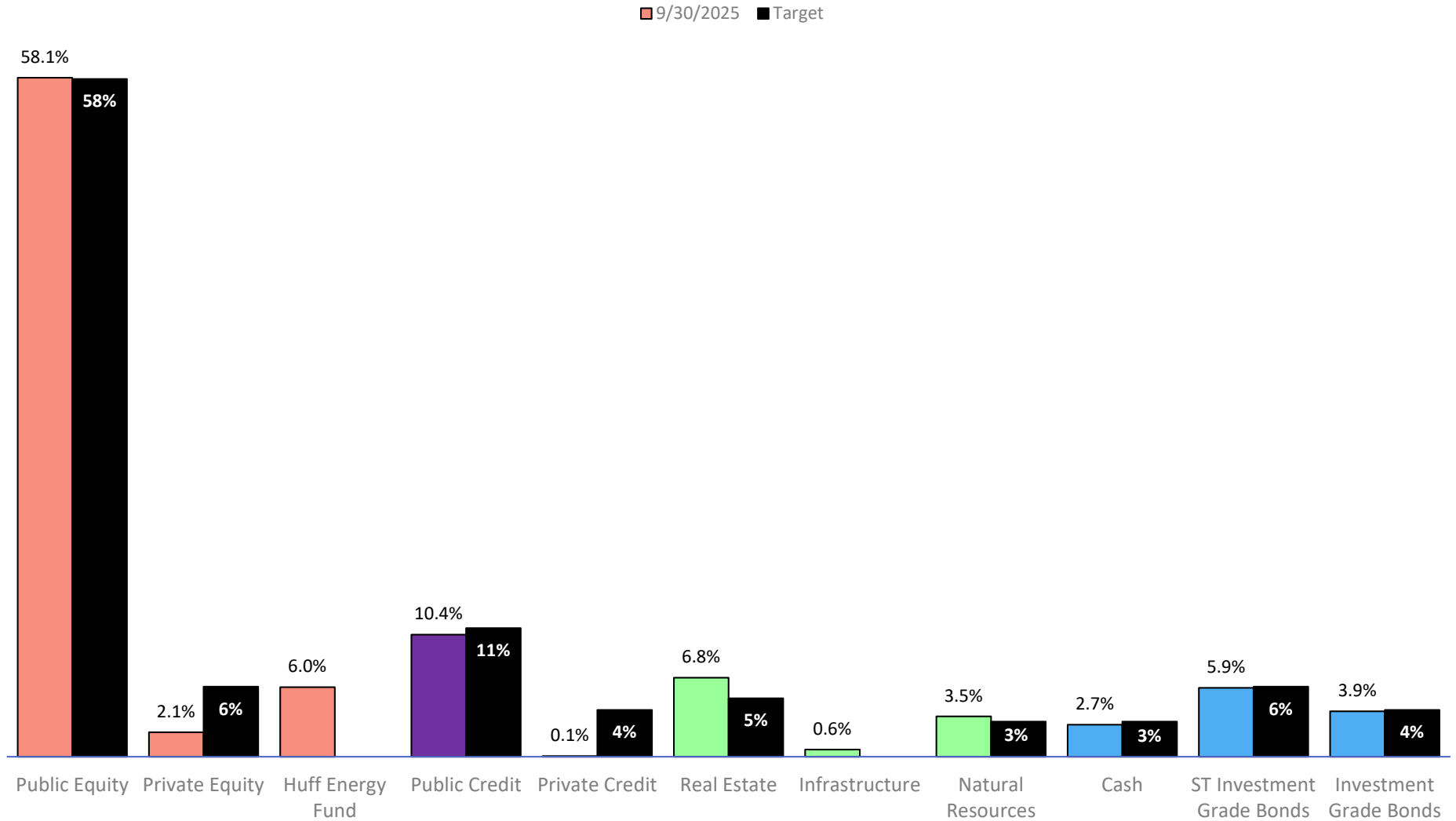
Numbers may not foot due to rounding.

# Asset Allocation Detail

DPFP Asset Allocation	9/30/2025		Targets			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
<b>Equity</b>	<b>1,447</b>	<b>66.1%</b>	<b>1,400</b>	<b>64%</b>	<b>103%</b>	<b>47</b>	<b>2.1%</b>
Public Equity	1,271	58.1%	1,269	58%	100%	2	0.1%
<i>Northern Trust ACWI IMI Index</i>	<i>509</i>	<i>23.2%</i>	<i>525</i>	<i>24%</i>	<i>97%</i>	<i>-16</i>	<i>-0.8%</i>
<i>Boston Partners</i>	<i>134</i>	<i>6.1%</i>	<i>131</i>	<i>6%</i>	<i>102%</i>	<i>3</i>	<i>0.1%</i>
<i>Manulife</i>	<i>134</i>	<i>6.1%</i>	<i>131</i>	<i>6%</i>	<i>102%</i>	<i>3</i>	<i>0.1%</i>
<i>Walter Scott</i>	<i>131</i>	<i>6.0%</i>	<i>131</i>	<i>6%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>WCM</i>	<i>142</i>	<i>6.5%</i>	<i>131</i>	<i>6%</i>	<i>108%</i>	<i>11</i>	<i>0.5%</i>
<i>Northern Trust Russell 2000</i>	<i>66</i>	<i>3.0%</i>	<i>66</i>	<i>3%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>Global Alpha Intl Small Cap</i>	<i>64</i>	<i>2.9%</i>	<i>66</i>	<i>3%</i>	<i>97%</i>	<i>-2</i>	<i>-0.1%</i>
<i>RBC Emerging Markets Equity</i>	<i>91</i>	<i>4.1%</i>	<i>88</i>	<i>4%</i>	<i>103%</i>	<i>3</i>	<i>0.1%</i>
Private Equity	46	2.1%	131	6%	35%	-86	-3.9%
Huff Energy Fund	130	6.0%	0	0%		130	6.0%
<b>Credit</b>	<b>230</b>	<b>10.5%</b>	<b>328</b>	<b>15%</b>	<b>70%</b>	<b>-98</b>	<b>-4.5%</b>
Public Credit	229	10.4%	241	11%	95%	-12	-0.6%
<i>Aristotle Pacific Bank Loans</i>	<i>88</i>	<i>4.0%</i>	<i>88</i>	<i>4%</i>	<i>101%</i>	<i>1</i>	<i>0.0%</i>
<i>Loomis Sayles High Yield Bonds</i>	<i>74</i>	<i>3.4%</i>	<i>88</i>	<i>4%</i>	<i>85%</i>	<i>-13</i>	<i>-0.6%</i>
<i>MetLife Emerging Market Debt</i>	<i>66</i>	<i>3.0%</i>	<i>66</i>	<i>3%</i>	<i>101%</i>	<i>0</i>	<i>0.0%</i>
Private Credit	1	0.1%	88	4%	1%	-86	-3.9%
<b>Real Assets</b>	<b>237</b>	<b>10.8%</b>	<b>175</b>	<b>8%</b>	<b>135%</b>	<b>62</b>	<b>2.8%</b>
Real Estate	148	6.8%	109	5%	135%	39	1.8%
Natural Resources	76	3.5%	66	3%	115%	10	0.5%
Infrastructure	13	0.6%	0	0%		13	0.6%
<b>Fixed Income &amp; Cash</b>	<b>274</b>	<b>12.5%</b>	<b>284</b>	<b>13%</b>	<b>96%</b>	<b>-10</b>	<b>-0.5%</b>
Cash	60	2.7%	66	3%	91%	-6	-0.3%
IR+M Short Term Bonds	129	5.9%	131	6%	98%	-2	-0.1%
Longfellow IG Bonds	85	3.9%	88	4%	97%	-2	-0.1%
<b>Total</b>	<b>2,188</b>	<b>100.0%</b>	<b>2,188</b>	<b>100%</b>		<b>0</b>	<b>0.0%</b>
Safety Reserve	189	8.6%	197	9%	96%	-8	-0.4%
Private Market Assets	414	18.9%	394	18%		20	-5.0%

Source: Preliminary BNY Custodial Data, Staff Estimates and Calculations. Numbers may not foot due to rounding.

# Asset Allocation – Actual vs Target





## 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 DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

- a. DPFP v. City of Dallas
- b. Dallas Police Retiree Association v. DPFP

**Discussion:**

Counsel will brief the Board on these issues.

*Regular Board Meeting – Thursday, October 9, 2025*



## DISCUSSION SHEET

### ITEM #D1

**Topic:** Public Comment

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

*Regular Board Meeting – Thursday, October 9, 2025*



## DISCUSSION SHEET

### ITEM #D2

**Topic:** Executive Director's Report

- a. Associations' newsletters
  - [NCPERS Monitor October 2025](#)
  - [TEXPERS Pension Observer \(Vol. 3 2025\)](#)
- b. Open Records
- c. Actuarial Services RFP

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

*Regular Board Meeting – Thursday, October 9, 2025*